OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
SECURITIES DIVISION

IN THE MATTER OF

Jon R. Myers, Individually

Administrative Consent
ORDER NO. LS-17-2618

Respondent

CONSENT ORDER

WHEREAS, the Securities Division of the Mississippi Secretary of State ("Division") having the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act ("Act") codified at Mississippi Code Annotated Sections 75-71-101, et. seq.;

WHEREAS, the Division has conducted an investigation into Respondent’s actions with respect to the offering of corporate bonds issued by a company owned and controlled by Respondent;

WHEREAS, Respondent has cooperated with the Division’s investigation by acknowledging the substance of this Order;

WHEREAS, Respondent has advised the Division of his agreement to resolve the matter without the expense and delay that formal proceedings would involve;

WHEREAS, Respondent elects to permanently waive any right to a hearing and appeal under the Act in Sections 75-71-604 and 75-71-609 with respect to this Order; and

WHEREAS, Respondent, solely for the purpose of concluding this open matter with the Division, without admitting or denying the Findings of Fact and Conclusions of Law contained herein, agrees to take certain actions described herein and consents to the terms and conditions of
this Administrative Consent Order ("Order"). Neither this Order, nor any acts performed or
documents executed in furtherance of this Order, is intended for use by any person or entity not a
party to this proceeding as an admission of, or evidence of, any fault or omission of Respondent
in any civil, criminal, or administrative proceeding in any court, administrative agency, or other
tribunal. This Order is not intended to confer any rights upon any person or entities who are not
a party to this proceeding;

NOW, THEREFORE, the Division, as Administrator of the Act, hereby enters this
Order:

I. FINDINGS OF FACT

1. Respondent admits the jurisdiction of the Division in this matter.

2. The Secretary of State has the authority pursuant to the Act to administer and
enforce the Act and regulate the offer and sale of securities in and from Mississippi, including
the firms and persons who offer or sell securities or who provide investment advice regarding
securities.

3. Respondent is an individual and principal of The Myers Group ("TMG"), with a
last known mailing address of Post Office Box 937, Ripley, Mississippi 38663.

Facts

4. This administrative order arises from Respondent Jon R. Myers ("Myers") selling
securities to a single Mississippi investor, JH.

5. JH, in a sworn affidavit, stated that his father introduced him to Myers on at least
one occasion. JH stated that he knew Myers as a stock broker, formerly employed by Carty and
Company in Memphis, Tennessee and that Myers had sold bonds to JH’s father, prior to the father’s death in 2014.

6. Myers was a bond trader with Carty and Company from June 8, 2007 through January 14, 2009. Myers was not a broker, broker-dealer agent, or bond trader, and was not registered with the Division in any capacity at the time of the events below. Myers had not been registered to sell securities since he ended his employment with Carty and Company in 2009.

7. In an email dated September 8, 2016, Myers advised JH that he had “several opportunities with good yield ... including some real estate backed investments ... backed by both the company and the real estate.”

8. Around that time, Myers asked if JH was interested in purchasing bonds like his father had purchased from Myers and that Myers could offer him one that was paying ten percent interest. JH considered the bonds, and asked Myers if the issuer was “such a really bad company that they had to pay such a high interest rate on their bonds.”

9. Myers advised JH that the issuer was North Fourth Capital, LLC, a stable company that owned several businesses; that one of the company’s holdings was a sawmill; and that sawmill companies typically paid higher interest rates on bonds due to cash flows.

10. North Fourth Capital, LLC ("North Fourth") is a Mississippi limited liability company which was created and owned by Myers, and of which Myers is the registered agent and only officer and/or director.

11. At the time of the offering, Myers did not disclose to JH that he owned North Fourth, nor did he disclose that North Fourth did not own any interest or ownership in any sawmill.
12. On September 14, 2016, JH gave Myers a check made out to North Fourth Capital in the amount of $10,000.00 with the word “bond” in the memo line.

13. On October 3, 2016, JH gave Myers a second check made out to North Fourth Capital in the amount of $19,600.00 with the words “investment bond” in the memo line.

14. Following this second transaction, Myers emailed to JH a “trade confirmation” which reflected that JH had purchased on September 13, 2016, “one unit” of “10% NORTH FOURTH CAPITAL 10-01-2023 MATURITY 10% YIELD TO MATURITY ANNUAL CALL 10-01 MONTHLY PAY PAR VALUE OF $10,000,” and on September 28, 2016, “two units” of “10% NORTH FOURTH CAPITAL 10-01-2017 MATURITY 12.13% YIELD TO MATURITY MONTHLY PAY PAR VALUE OF $20,000.”

15. On September 16, 2016, Myers deposited JH’s check for $10,000 into the North Fourth account. On September 19, 2016, Myers transferred the deposited $10,000 from North Fourth’s account to the account of TMG.

16. On October 3, 2017, Myers deposited JH’s check for $19,600 into the North Fourth checking account. On October 6, 2016, Myers transferred $19,500 from North Fourth’s account to the account of TMG. On October 21, 2016 Myers transferred $100.00 from North Fourth’s account to the account of TMG.

17. The only banking activity in North Fourth’s account during September and October 2016 was the deposit of JH’s funds into the account, and the transfer of those funds to TMG’s account. North Fourth’s account balance on September 1, 2016 was $0.01.

18. On September 20, 2016, following the transfer of $10,000.00 from North Fourth’s account to TMG’s account on September 19, 2016, Myers paid a single creditor, Transport One,
$15,000 from the TMG account. Transport One is a service provider that transports used automobiles from auctions where they are purchased by used car dealerships.

19. On October 7, 2016 through October 25, 2016, following the transfer of $19,500.00 from North Fourth’s account to TMG’s account on October 6, 2016, Myers paid more than $21,000.00 from the TMG account to a single creditor, Nextgear Capital, a lender specializing in lending to independent auto dealers.

20. At the time of these transfers and payments to creditors, Myers was in the used car business, by his own acknowledgement in a telephone interview with the Division.

II. APPLICABLE LAW

21. Miss. Code Ann. § 75-71-102 (28) sets forth:

Definitions:

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“Security” means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term includes both a certificated and an uncertificated security. The term does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a sum of money either in a lump sum or periodically for life or other specified period; or an interest in a contributory or noncontributory pension or welfare plan subject to the Employee Retirement Income Security Act of 1974. An "investment contract" includes, among other contracts, an investment in a limited partnership, an interest in a limited liability company, an investment in a viatical settlement or similar agreement, and an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common
enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

22. The Division may employ remedies set forth in Miss. Code Ann. § 75-71-604:

Administrative enforcement.
(a) Issuance of an order or notice. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may:

(1) Issue an order directing the person to cease and desist from engaging in the act practice or course of business or to take other action necessary or appropriate to comply with this chapter;

(2) Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under Section 75-71-401(b)(1)(D) or (F) or an investment adviser under Section 75-71-403(b)(1)(C); or

(3) Issue an order:
   (A) Under Section 75-71-204;
   (B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;
   (C) Barring or suspending the person from association with a broker-dealer or investment advisor registered in this state; or
   (D) Requiring the person to pay restitution for any loss or disgorging any profits arising from the violation, including interest.

23. Miss. Code Ann. § 75-71-501 sets forth:

General fraud.
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 the light of the circumstances under which they were made, not misleading; or

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(3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

III. CONCLUSIONS OF LAW

24. The previous paragraphs are incorporated by this reference.

25. Respondent made representations in the offer and sale of securities.

26. Respondent was not registered with the Division when he offered securities to JH.

27. Respondent violated Miss. Code Ann. § 75-71-501(1) by advising JH that the securities being offered were corporate bonds when Respondent knew that the offering involved no bond underwriting, there was no corporate debt offering, and that the securities would not be offered to anyone besides JH. Respondent employed a device, scheme, or artifice to defraud JH in violation of Miss. Code Ann. § 75-71-501(1).

28. Respondent violated Miss. Code Ann. § 75-71-501(1) by advising JH that his money was being invested into North Fourth Capital, a stable company with diverse holdings, when Respondent knew JH’s investment would be used to pay Respondent’s own creditors. Respondent employed a device, scheme, or artifice to defraud JH in violation of Miss. Code Ann. § 75-71-501(1).

29. Respondent violated Miss. Code Ann. § 75-71-501(2) by failing to disclose to JH that Respondent was the owner of North Fourth. Respondent omitted to state material facts necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading, in violation of Miss. Code Ann. § 75-71-501(2).

30. Respondent violated Miss. Code Ann. § 75-71-501(2) by warranting to JH the bonds would pay monthly interest of 10% and 12.13%, when Respondent knew the principal would be used to pay his own creditors. Respondent omitted to state material facts necessary in
order to make the statements made, in light of the circumstances in which they were made, not misleading, in violation of Miss. Code Ann. § 75-71-501(2).

31. Respondent violated Miss. Code Ann. § 75-71-501(3) by discussing sawmill operations with JH in the conversations surrounding the offering of the securities, when Respondent knew no sawmill was involved in any way with the investment. Respondent engaged in an act, practice, or course of business that operated as a fraud or deceit upon JH in violation of Miss. Code Ann. § 75-71-501(3).

IV. ORDER

1. This Order concludes the open matter with the Division with respect to Respondent’s conduct and activities in the offer and sale of securities. However, nothing herein limits the ability of the Division, individually or jointly with other agencies, from pursuing any investigation with respect to any other securities-related matter involving the Respondent.

2. This Order is entered into solely for the purpose of resolving the previously referenced allegations and is not intended to be used for any other purpose. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law contained herein.

3. Respondent hereby consents to immediately cease and desist and to never offer or sell any security of any kind to any Mississippi resident.

4. Respondent hereby consents to pay restitution to Investor JH in the amount of $29,600.00 plus legal interest from September 14, 2016, less any payments already made to JH.

5. Respondent hereby consents to pay an administrative penalty in the amount of $5,000.00 to the Division.

6. Respondent shall not take any action, or make or permit to be made any public statement, denying, directly or indirectly, any finding in this Order or creating the impression
that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; or (b) right to take legal or factual positions in defense of litigation or other legal proceedings to which the Administrator is not a party; and

7. Respondent shall fully, fairly, and truthfully disclose all information and produce all records and other evidence in its possession, custody, or control relevant to all inquiries made by the Division concerning the subject matter of this Order, except to the extent such inquiries call for the disclosure of information protected by the attorney-client and/or work product privileges.

8. If Respondent defaults in any obligation set forth in this Order, the Division may, at its sole discretion, vacate this Order, upon fifteen (15) days’ notice to Respondent and without opportunity for administrative hearing and refer this matter for enforcement as provided in Section 75-71-604 (g) of the Act.

9. This Order contains, constitutes, and embodies the entire agreement between the undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or adds to this Order; and this Order supersedes any prior communication, understanding, or agreement, whether written or oral, concerning the subject matter of this Order.

10. In the event that one or more provisions contained in this Order shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Order.
Date: February 22, 2018

C. DELBERT HOSEMAN, JR.

Secretary of State
State of Mississippi

By: [Signature]

JEFFREY L. LEE
Senior Attorney
Securities Division
CONSENT TO ENTRY OF FINAL ORDER

Jon R. Myers, date of birth [redacted], with Social Security number XXX-XX-3702, hereby acknowledges that he has been served with a copy of this Administrative Consent Order ("Order"), has read this Order, is aware of his right to a hearing and appeal in this matter, and has waived the same.

Jon R. Myers admits the jurisdiction of the Division and consents to entry of this Order by the Division solely for purposes of settlement.

 Jon R. Myers states that no promise of any kind or nature whatsoever was made to him to induce him to enter into this Order and that he has entered into this Order voluntarily.

Dated, this the 22 day of February 2018.

Jon R. Myers

[Signature]

STATE OF MS

COUNTY OF Tippah

SUBSCRIBED AND SWORN TO before me, this the 22 day of February 2018.

[Signature]

Notary Public

My commission expires: 10-9-18