STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:	)	
	)	
HARBOR CONSULTING INC.	)	
JEFFREY A. FRIEDLANDER	)	**ADMINISTRATIVE ORDER**
	)	**NO. CD-2011-00**07
	)	
RESPONDENTS	)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **HARBOR CONSULTING, INC. ("HC")** is an Alabama Corporation, having a commercial address of 2803 North Drive, Helena, Alabama 35090.

2. **JEFFREY A. FRIEDLANDER ("FRIEDLANDER")**, at all times relevant, acted as the President of HC, with a business address of 2803 North Drive, Helena, Alabama 35090.

STATEMENT OF FACTS

3. An online search of the Alabama Secretary of State's website revealed on September 13, 2007, **FRIEDLANDER** incorporated **HC** in the state of Alabama for the purpose of providing business consulting services.

4. The Commission is in receipt of information that on September 2, 2009, **FRIEDLANDER** and **HC** entered into a "Transactional Joint Venture Agreement", i.e.,

investment contract, with two (2) Alabama investors. Accordingly, the investors were to provide funding to **HC** with **FRIEDLANDER** providing the managerial efforts in the purchase, rehabilitation, and sale of residential dwellings in the Birmingham, Alabama area.

5. According to the terms of the venture, the Alabama investors were to provide funding in the purchase and rehabilitation of foreclosed Housing and Urban Development ("HUD") properties. The funding by each investor was not to exceed $35,000.00 per residential dwelling. **HC** and **FRIEDLANDER** were to provide the labor and managerial effort to rehabilitate, sell or rent the properties. Upon the sale of the properties, the investors were to receive 50% of the net profits earned from the agreement, with **HC** and **FRIEDLANDER** receiving the remaining 50% profit.

6. As per the Transactional Joint Venture Agreement, on September 2, 2009, the two (2) Alabama investors issued two personal checks in the amount of $35,000.00 each for an aggregate total amount of $140,000.00 invested with **HC** and **FRIEDLANDER**. These funds were to be utilized by **HC** to purchase and rehabilitate four (4) seperate HUD residential dwellings.

7. Per the terms of the agreement, on or about September 16, 2009, **FRIEDLANDER** and **HC** organized separate Limited Liability Companies with the two (2) Alabama investors. A search of the Alabama Secretary of State's website revealed the organization of JCF Properties, LLC, and DCF Properties, LLC.

8. Evidence obtained by the Commission disclosed that the investor funds solicited by **FRIEDLANDER** and **HC** were deposited into separate bank accounts in the name of the Limited Liability Companies but controlled by **FRIEDLANDER**.

9. An analysis of those accounts disclosed the funds were subsequently transferred to an **HC** bank account solely controlled by **FRIEDLANDER**. The funds were utilized to purchase the HUD properties, fund construction, or for other means.

10. Additionally, on or about December 31, 2009, **FRIEDLANDER** and **HC** issued two (2) twelve month Promissory Notes to Alabama investors. These notes were for

the remaining funds not disbursed according to the Transactional Joint Venture Agreement. According to the promissory notes, **HC** has been "Loaned" a total of $23,381.91 from the two LLC's. According to the terms of the Promissory notes, **HC** and **FRIEDLANDER** shall forfeit its share of the profits of the sale of the residential properties up to $5,000.00.

11. Additional documents obtained by the Commission revealed that on January 26, 2011, **RESPONDENTS** issued a subsequent Promissory Note to one of the Alabama investors. The terms of the Promissory Note acknowledge a debt of $22,381.00 and outline a payment schedule of the invested funds plus five (5%) percent annum.

12. A review of the Commission files conducted on December 3, 2010, revealed the **RESPONDENTS** were neither registered nor exempt from registration to offer and sell securities in Alabama.

13. A review of the Commission's files, performed on December 3, 2010, disclosed no record of registration or any perfected exemption from registration for the investment contract, to wit: Transactional Joint Venture Agreement, offered to the Alabama residents.

CONCLUSIONS OF LAW

14. The Transactional Joint Venture Agreement offered by **FRIEDLANDER** with **HC** represents an investment contract. Alabama's statutory definition of security pursuant to Section 8-6-2(10), Code of Alabama 1975, includes any investment contract. The offer made by the **RESPONDENTS** in paragraph 5 falls within the definition of an investment contract and is therefore a security under the Act.

15. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of a security includes any note or other evidence of indebtedness. The Promissory Notes offered and/or sold by **RESPONDENTS** in paragraph 10 are notes representing evidence of indebtedness and are securities under the Alabama Securities Act.

16. The definition of agent under Section 8-6-2(2), Code of Alabama 1975,

includes any individual who represents a dealer or an issuer in effecting or attempting to effect sales of securities. **FRIEDLANDER** represented **HC** effecting transactions in securities in Alabama and is an Agent under the Act.

17. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under the act. **FRIEDLANDER** acted as an agent of **HC** and transacted business in Alabama without benefit of registration in violation of Section 8-6-3(a) of the Act.

18. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any dealer or issuer to employ an agent unless the agent is registered. **HC** employed **FRIEDLANDER** as an agent, while said agent was not properly registered with the Commission in violation of the Act.

19. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful to offer or sell any security in this state unless it is registered under the Act, the security is exempt from registration pursuant to Section 8-6-10, or the transaction is exempt under Section 8-6-11. The security issued by **HC** and offered by **FRIEDLANDER** to the Alabama residents, to wit: Transactional Joint Venture Agreement constituting an Investment Contract was neither registered nor exempt from registration in violation of the Act.

20. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful to offer or sell any security in this state unless it is registered under the Act, the security is exempt from registration pursuant to Section 8-6-10, or the transaction is exempt under Section 8-6-11. The securities offered by **HC** and **FRIEDLANDER** to the Alabama residents, to wit: Promissory Notes, were neither registered nor exempt from registration in violation of the Act.

This Order does not prevent the Alabama Securities Commission from seeking such other administrative, civil or criminal remedies that are available to it under the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the respondents, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that the **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 14th day of March, 2011.

ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
Montgomery, AL 36104
(334) 242-2984

BY: _____
Joseph P. Borg
Director