

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

MCS CONSULTING LLC

MILBO LLC

CLIFTON CURTIS SNEED

WENDELL SMITH

RONTESE MILLER

RESPONDENTS

)  
ADMINISTRATIVE ORDER  
NO. CD-2016-00<sub>12</sub>

**CEASE AND DESIST ORDER**

The Alabama Securities Commission ("Commission"), having the 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. **MCS CONSULTING, LLC ("MCS")** is a Wyoming company with a principal business address of 1712 Pioneer Avenue, Suite 1689, Cheyenne, Wyoming, 82001.
2. **MILBO, LLC ("MILBO")** is an Alabama company with a principal business address of 1116 20<sup>th</sup> Street South, #247, Birmingham, Alabama, 35205.
3. **CLIFTON CURTIS SNEED ("SNEED")** is the "Global Executive Trade Manager" of **MCS** with a principal business address of 1712 Pioneer Avenue, Suite 1689, Cheyenne, Wyoming, 82001.

4. **WENDELL SMITH ("SMITH")** is the "Global Grant Manager" of **MCS** with a principal business address of 1712 Pioneer Avenue, Suite 1689, Cheyenne, Wyoming, 82001.

5. **RONTESE MILLER ("MILLER")** is the Organizer, Manager and President of **MILBO** with a principal business address of 1116 20<sup>th</sup> Street South, #247, Birmingham, Alabama, 35205.

#### **STATEMENT OF FACTS**

6. On July 30, 2011, **MILLER** sent an e-mail to an Alabama resident ("Investor") that outlined an investment program offered by **MCS**. The investment program was identified as the "Small Cap" trade program. The e-mail further stated that the Investor would be required to pay a total of \$90,000.00 to enter the trading program. The e-mail stated that "*the majority of clients entering this platform want to raise \$1 million to purchase the SBA/CMO<sup>1</sup> and then leverage that to raise the \$40 million to fund their project.*" **MILLER** told the Investor that if he invested \$90,000.00 in the trading program, the Investor would receive a return of \$1 million within 30 days. The Investor planned to use the investment return of \$1 million to expand a small company that he owned. **MILLER** included wiring instructions on where to send a \$20,000 introduction fee to **MCS**.

7. On August 2, 2011, the Investor wired \$20,000 to an **MCS** account in Fort Worth, Texas. This transaction was confirmed in a review of the Investor's bank records.

8. On August 4, 2011, **MILLER** and **MILBO** entered into a "Master Broker/Consultant Agreement" ("Agreement") with the Investor to document the investment offering that **MILLER** had previously presented in the July 30, 2011, e-mail to the Investor. According to the Agreement, **MILLER** "has solicited MCS Consultant's ("Trader") service to client." MCS Consultants is the same entity as **MCS**. The client in the Agreement is the Investor. The Agreement further stated that the Investor:

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<sup>1</sup> Offering materials provided by Respondents never identified "SBA/CMO."

*“...will pay to Broker (**MILLER**) referral fees for any and all referred prospects who utilize Trader’s services within 10 days of receipt of Client’s funds from Trader...Client will remit to Broker a commission up to 20% of the proceeds received from Trader throughout the Trader-Client relationship...Client shall pay to Broker an additional \$90,000 from the proceeds of the first trench received from Trader...Broker will guarantee Client the full return of his initial \$90,000 investment in case of a breach by Trader.”*

9. On August 17, 2011, **SNEED** sent an e-mail to the investor with instructions on where to send a \$70,000 fee for a SWIFT messaging service.<sup>2</sup> On August 22, 2011, the Investor wired \$70,000 to an attorney’s escrow account in Arizona. This transaction was confirmed in a review of the Investor’s bank records. The Investor stated that this transaction was related to the Agreement he had with **MILLER** and **MILBO**.

10. The Investor did not receive the \$1 million from the **MCS** trading program, nor did the Investor receive a return of his initial investment as promised by **MILLER** in the Agreement.

11. On or about July 17, 2012, and January 30, 2013, **SNEED**, **SMITH** and **MCS** offered the Investor an investment opportunity in a “Grant Program.” **SNEED** sent two documents to the Investor by e-mail. Both documents were titled “Memorandum of Understanding” (“MOU”) and were represented to be an arrangement between **MCS** and the Investor. Both documents were signed by **SMITH** as Global Grant Manager.

12. On or about July 17, 2012, **SNEED** sent a MOU by e-mail to the Investor. The MOU, dated July 17, 2012, stated that there was an arrangement between **MCS** and the Investor. In the MOU, **MCS** is identified as “Consultants” and the Investor is identified as the “Grantee.” The MOU stated that:

*“Grantee has submitted an official grant request for the facilitation of a*

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<sup>2</sup> SWIFT stands for the Society for Worldwide Interbank Financial Telecommunications. It is a non-profit organization comprised of member financial institutions. It is a messaging network that financial institutions use to securely transmit information and instructions through a standardized system of codes. SWIFT does not hold any funds or securities, nor does it manage client accounts. It is not used in the manner as represented to the Investor.

*Grant in the amount of \$25,000.00. Consultants will facilitate a Grant in the amount of \$25,000.00. Grantee hereby agrees to pay the amount of \$1500.00 for writing and submitting the Grant proposal, in addition to a 10% contribution in the form of cash in the amount of \$2,500.00, for a total of \$4,000.00. Upon receipt of the Grantee's cash contribution, Consultants will facilitate a Grant with the Consultant's affiliate International Funding Group(s), hereby referred to as "Company(s)" for the sole purpose of facilitating a Grant in the amount of \$25,000.00. The Company's funding information is proprietary and is not subject to disclosure and exists only for in-house use. Furthermore, this information is a commercial secret and its disclosure inflicts criminal liability. The Company guarantees the Grantee's collateral contribution is safe as the Company has the necessary insurance coverage up to \$500,000.00 to provide the Grantee's protection from any losses and risks. The allotted time for raising the Grant in the amount of \$25,000 will be a minimum of 180 business days and not to exceed 210 business days from the date of the established Grant proposal account. The Grant proposal account may not be terminated prior to the conclusion of the 180-day trading cycle."*

The MOU also stated that if the Grant was not provided, the Grantee would receive a 100% refund and a 10% non-performance fee. The MOU contained an electronic signature of "Wendell Smith" (SMITH) as Global Grant Manager. The MOU also provided instructions for the Grantee to wire his funds to an **MCS** bank account in Arlington, Texas.

13. On July 18, 2012, according to the **MCS** bank records, the Investor wired \$4,000.00 to the **MCS** bank account in Arlington, Texas in accordance with the instructions provided in the MOU dated July 17, 2012.

14. On or about January 30, 2013, **SNEED** sent a MOU by e-mail to the Investor. The MOU, dated January 30, 2013, stated that there was an arrangement between **MCS** and the Investor. In the MOU, **MCS** is identified as "Consultants" and the Investor is identified as the "Grantee. The MOU stated that:

*"Grantee has submitted an official grant request for the facilitation of a Grant in the amount of \$250,000.00. Consultants will facilitate \$225,000.00 which represents 90% of the Grant proceeds. Grantee understands in order to facilitate a Grant in the amount of \$250,000.00, Grantee hereby agrees to pay the amount of \$1500.00 for writing and*

*submitting the Grant proposal, in addition to a 10% contribution in the form of cash in the amount of \$25,000.00, for a total of \$26,500.00. Upon receipt of the Grantee's cash contribution, Consultants will facilitate a Grant with the Consultant's affiliate International Funding Group(s), hereby referred to as "Company(s)" for the sole purpose of facilitating a Grant in the amount of \$250,000.00. The Company's funding information is proprietary and is not subject to disclosure and exists only for in-house use. Furthermore, this information is a commercial secret and its disclosure inflicts criminal liability. The Company guarantees the Grantee's collateral contribution is safe as the Company has the necessary insurance coverage up to \$250,000.00 to provide the Grantee's protection from any losses and risks. The allotted time for raising the Grant in the amount of \$250,000 will be a minimum of 180 business days and not to exceed 210 business days from the date of the established Grant proposal account. The Grant proposal account may not be terminated prior to the conclusion of the 180-day business cycle."*

The MOU also stated that if the Grant was not provided, the Grantee would receive a 100% refund and a 10% non-performance fee. The MOU contained an electronic signature of "Wendell Smith" (**SMITH**) as Global Grant Manager. The MOU also provided instructions for the Grantee to wire his funds to an **MCS** bank account in Arlington, Texas.

15. On January 31, 2013, according to **MCS** bank records, the Investor wired \$25,000.00 to the **MCS** bank account in Arlington, Texas, in accordance with the instructions provided in the MOU dated January 30, 2013. The Investor stated that **SNEED** waived the \$1500 fee for writing and submitting the Grant proposal.

16. The Investor never received the Grants as promised in the MOU's, nor did the Investor receive a refund of the investment principal.

17. According to a press release from the Utah Attorney General, dated March 30, 2007, **SNEED** pled guilty on February 16, 2007, to three third degree felonies, including securities fraud, related to an investment scheme. **SNEED** was sentenced to 0-5 years in prison on each count. The prison time was suspended and **SNEED** was placed on 5 years' probation.

18. According to the Investor, **SNEED** did not disclose that he had been convicted of three felonies, including securities fraud, in the state of Utah in 2007.

19. According to the United States Securities and Exchange Commission's (U.S. SEC) Administrative Proceeding, File No. 3-12940, dated January 28, 2008, the U.S. SEC barred **SNEED** from association with any broker, dealer or investment advisor. **SNEED** was also permanently enjoined from future violations of the U.S. Securities Act. According to the U.S. SEC's complaint, **SNEED** sold unregistered securities in the form of investment contracts from June 2003 to at least May 2005. **SNEED** made materially false and misleading representations about the safety of the investment and the promised returns, falsely claimed to have extensively investigated the program, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on investors.

20. According to the Investor, **SNEED** did not disclose that he had been sanctioned by the U.S. SEC in 2008.

21. On December 11, 2014, the Texas Securities Board issued an Emergency Cease and Desist Order, Order # ENF-4-CDO-1737, naming **SNEED** as one of the Respondents. According to the Order, **SNEED** and the other Respondents offered investments in a binary option program. Neither the Respondents nor the investments were registered in the state of Texas. The Order also states that **SNEED** and the other Respondents made offers containing misleading and deceptive statements.

22. On March 9, 2016, a review of the Commission's registration files disclosed no record of registration for **MCS**, **MILBO**, **SNEED**, **SMITH** or **MILLER** as a broker dealer, broker dealer agent, investment advisor, or investment advisor representative in the state of Alabama.

### **CONCLUSIONS OF LAW**

23. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of security includes any "investment contract." The investment program, identified as the "Small

Cap" trade program, constituted a solicitation and investment of money; from which an investment return was expected; with such investment return based on the managerial efforts of **RESPONDENTS**. The solicited investment, identified as the "Small Cap" trade program, is an "investment contract" and is a security under the Act.

24. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of security includes any "investment contract." The investment programs, identified as the "Grant Programs", constituted a solicitation and investment of money; from which an investment return was expected; with such investment return based on the managerial efforts of **RESPONDENTS**. The solicited investments, identified as the Grant Programs, are "investment contracts" and are securities under the Act.

25. Pursuant to Section 8-6-2(5), Code of Alabama 1975, the definition of Issuer includes, "every person who proposes to issue, has issued, or shall hereafter issue any security...". **MCS** issued investment contracts constituting securities and is an issuer under the Act.

26. Pursuant to Section 8-6-2(3), Code of Alabama 1975, the definition of dealer includes, "any person engaged in the business of effecting transactions in securities for the account of others or for his own account." **MILBO** is in the business of offering and selling the securities of **MCS** and is a dealer under the Act.

27. Pursuant to Section 8-6-2(2), Code of Alabama 1975, an Agent is any individual other than a dealer who represents a dealer or issuer in effecting or attempting to effect sales of securities. **MILLER** effected the offer and sale of securities, to wit: the investment contracts of **MCS**, on behalf of **MILBO** and is an Agent as defined in the Act.

28. Pursuant to Section 8-6-2(18), Code of Alabama 1975, an Investment Adviser is any person who, for compensation, advises others, either directly or indirectly, as to the value of, or the advisability of investing in securities. The definition also includes those who manage securities accounts or portfolios for clients. **MCS** purports to operate a trading program in which they manage the purchase and sale of securities in a pooled

investment vehicle. **MCS** receives compensation for the services and is an Investment Adviser under the Act.

29. Pursuant to Section 8-6-2(19), Code of Alabama 1975, the definition of investment adviser representative includes any partner, officer, director, employee or associated person of an investment adviser who manages accounts or portfolios of clients. **SNEED** and **SMITH** managed investment programs for **MCS**, an investment adviser, and are investment adviser representatives under the Act.

30. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as an agent or dealer for securities unless such person is registered under the Act. **MILLER** by offering and selling securities, to wit: the investment contracts of **MCS**, acted as an agent of **MILBO** in Alabama. Neither **MILBO** nor **Miller** were registered with the Commission at the time of the transactions and such transactions were made in violation of the Act.

31. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any dealer or issuer to employ an agent to transact business in Alabama unless the agent is registered with the Commission. **MCS**, **SNEED** and **SMITH** employed **MILLER**, an unregistered agent, to solicit sales of securities, to wit: the investment contracts of **MCS**, in violation of the Act.

32. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in this state unless the security: (1) is registered under the Act; (2) the security is exempt from registration under section 8-6-10; or (3) the transaction is exempt under section 8-6-11. The security offered by **RESPONDENTS**; to wit: the investment contracts issued by **MCS**, were neither registered nor subject to a perfected exemption from registration in Alabama and were offered and sold in violation of the Act.

33. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful, in connection with the offer or sale of a security, to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they

are made, not misleading. **RESPONDENTS** failed to disclose that **SNEED** is a convicted felon, whose crimes involved an investment scheme relating to securities transactions. The failure to disclose **SNEED**'s investment related felony conviction constitutes a material omission and a violation of the anti-fraud provisions of the Act.

34. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful, in connection with the offer or sale of a security, 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. **RESPONDENTS** failed to disclose that **SNEED** was permanently enjoined from future violations of the U.S. Securities Act. The order enjoining **SNEED** found that **SNEED** sold unregistered securities in the form of investment contracts from June 2003 to at least May 2005. That **SNEED** made materially false and misleading representations about investment safety and returns associated with the transactions in question. That **SNEED** had engaged in a variety of conduct which operated as a fraud and deceit on investors. The failure to disclose that **SNEED** was subject to a permanent injunction under the U.S. Securities Act for fraudulent conduct constitutes a material omission and a violation of the anti-fraud provisions of the Act.

35. Pursuant to Section 8-6-17(a)(1), Code of Alabama 1975, it is unlawful, in connection with the offer or sale of a security, to employ any device, scheme, or artifice to defraud. **RESPONDENTS** operated two schemes, the "Small Cap trade program" and the "Grant Program" which promised unrealistic investment returns and guarantees that could not be supported by past performance or any functional business model, in violation of the anti-fraud provisions of the Act.

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

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities 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 **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, AL, this 15th day of December, 2016.



ALABAMA SECURITIES COMMISSION  
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BY:



Joseph P. Borg  
Director