

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:

**KARRESS PINK LLC
WALTER M. BULLOCK JR
CODY D. BATEMAN**

RESPONDENTS

**ADMINISTRATIVE ORDER
NO. CD 2017-0005**

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. **KARRESS PINK, LLC, ("KARRESS")** is a Texas Limited Liability Company with a principal business address of 11494 Luna Road, Dallas, Texas 75234.
2. **WALTER M. BULLOCK JR ("BULLOCK")** during all times involving the offer and sale of the securities relevant to this Order, acted as a Managing Member for **KARRESS**. **BULLOCK** is an Alabama resident with a residential address of 1880 Demonbruen Drive, Millbrook, Alabama 36054.

3. **CODY D. BATEMAN** (“**BATEMAN**”) during all times involving the offer and sale of the securities relevant to this Order, acted as a Managing Member for **KARRESS**. **BATEMAN** is a Texas resident with a residential address of 932 KC 46, Harper, Texas 78631.

STATEMENT OF FACTS

4. On March 17, 2015, the Commission staff received information that **BULLOCK** had created a cancer detection device and was actively soliciting investors to fund the development of the device. The Commission staff began an investigation based on the information received.

5. The investigation revealed that in 2014 **BULLOCK** solicited Alabama residents to purchase interest into the cancer detection device. **BULLOCK** and **BATEMAN**, while acting on behalf of **KARRESS**, offered and sold a promissory note (“note”) to an Alabama resident on April 16, 2014. The note identifies **KARRESS** as the borrower and has a twelve month term. The return for the investment in the twelve month period is a simple interest of 1.25% of the outstanding balance of the note per month. The note contains a “Conversion to Equity” clause that provides the Alabama investor (“investor”) the ability to convert the initial investment amount into equity of **KARRESS** at a future date.

6. The investor invested \$1,000.00 on April 14, 2014, \$20,000.00 on April 24, 2014, \$20,000.00 on May 23, 2014 and \$10,000.00 on August 26, 2014 for a total investment of \$51,000.00 into **KARRESS**. The investor was told that the funds would be utilized to “...bring the product to the marketplace, which would include searching for existing patents, researching scientifically how the product worked, designing prototypes, etc.” At this time, the investor has not received any return on the investment into **KARRESS**.

7. According to the investor, **BATEMAN** and **BULLOCK** had a disagreement on the direction of **KARRESS**. Based on the disagreement, **BATEMAN** did not want **BULLOCK** included in the continued search for a different technology that would detect cancerous tumors. **BULLOCK** explained to the Alabama investor that he owned the intellectual property of the **KARRESS** device and that **BULLOCK** could sell it to him so that **BATEMAN** “...could not do what he wanted to do with the product.” On August 15, 2014, the Alabama investor provided **BULLOCK** with a check for \$10,000.00 for the purchase of the intellectual property rights of **KARRESS**. **BULLOCK** and the Alabama investor entered into an “Assignment Agreement” that states:

"In consideration for assignments made by Assignor under this agreement, Assignee will pay Assignor \$10,000 dollars plus \$10 royalty per device sold for the life of the product."

According to evidence, **BULLOCK** immediately cashed the \$10,000.00 check that the Alabama investor provided to him for the purchase of the "Assignment Agreement".

8. Pursuant to a review of registration files, the Commission staff noted that **BULLOCK** and/or **BATEMAN** were not registered to offer and sell securities in the State of Alabama. Additionally, the securities offered and sold for **KARRESS** were not registered, nor subject to a perfected exemption from registration.

CONCLUSIONS OF LAW

9. Section 8-6-2(10) Code of Alabama 1975, defines any note and or 'evidence of indebtedness' as a security. The promissory note issued to the Alabama resident by Respondents constitutes a security as defined in the Act.

10. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of security includes any "investment contract." The investment identified as the "Assignment Agreement," issued by **BULLOCK**, is an investment contract and is a security under the Act.

11. Pursuant to Section 8-6-2(2) Code of Alabama 1975, the definition of "Agent" includes any individual who represents a dealer or issuer in effecting or attempting to effect sales of securities. **BULLOCK** solicited and effected the sale of a promissory note and investment contract for **KARRESS**, and is an Agent under the Act.

12. 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 said 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 promissory note and investment

contract, were neither registered nor subject to a perfected exemption from registration in Alabama and were offered and sold in violation of the Act.

13. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in the state as a dealer or agent for securities unless they are registered under the ACT. By soliciting the sales of the investment contract and promissory note of **KARRESS** to an Alabama resident, **BULLOCK** acted as an agent of **KARRESS** while not being registered with the Commission in violation of the Act.

14. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to employ an agent for the solicitation and/or sale of a security unless such agent is registered with the Commission. **BATEMAN** and **KARRESS** employed **BULLOCK**, an unregistered agent, to solicit and sell the securities of **KARRESS**, in violation 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 an informal 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 22nd day of August, 2017.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
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BY:

A stylized, handwritten signature in black ink, appearing to read "J. Borg", is written over the printed name and title.

Joseph P. Borg
Director