

**STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION**

**IN THE MATTER OF:**

**CLANTON SUNRISE DEVELOPERS, LLC  
PEGGY L. HODGE**

**RESPONDENTS**

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**ADMINISTRATIVE ORDER  
NO. CD-2018-0016**

**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. **CLANTON SUNRISE DEVELOPERS, LLC ("CSD")** at all times relevant, is an active Florida Limited Liability Corporation, first formed on September 5, 2008, then dissolved on September 25, 2015, then reactivated on January 5, 2017, having a business address of 30725 US HWY. 19 North, Suite 214, Palm Harbor, FL 34698.

2. **PEGGY L. HODGE ("HODGE")** at all times relevant was a resident of Florida and is listed on the Florida Secretary of State SunBiz.org. website as the Registered Agent of **CSD** with a home address of 2203 Misty Court, Dunedin, FL 34698.

**STATEMENT OF FACTS**

3. On May 18, 2018 the Commission staff received information that on or about January 2015, **HODGE**, acting as the Managing Member for **CSD**, solicited an Alabama resident to invest in a real estate development, "Brush Arbor Estates" an Assisted and Independent living facility for Veterans which was to be located in the city of Clanton, AL.

4. **HODGE** provided the Alabama resident with a Private Placement Memorandum (PPM) which stated that **CSD** "is in the business of making secured real estate loans and

purchasing or establishing and maintain commercial real estate portfolios.” The PPM further stated that **CSD** “shall pay an interest rate of ten percent for the first ten units sold under this Offering for the first twelve months, six percent for each additional unit above ten units thereafter until maturity, simple interest, paid quarterly or seven percent paid annually, with a maturity date of thirty-six months.”

5. **HODGE** provided the Alabama resident with a Subscription Agreement which stated: “The Company is offering a maximum of Fifty Notes at Twenty Thousand Dollars per Note, with a minimum subscription of one Note. The maximum aggregate loan to the Company from this Offering will be One Million Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933, specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.”

6. On February 27, 2015, the Alabama resident completed an Investor Suitability Questionnaire, provided by **HODGE**, which clearly stated that the Alabama resident was not an accredited investor under the terms of the PPM. After completing the Questionnaire, at the direction of **HODGE**, the Alabama resident issued a personal check to **HODGE** in the amount of \$40,000.00, contrary to instructions in the PPM which directs investors to issue funds directly to **CSD**. Furthermore, the Alabama resident was issued one (1) promissory note for the \$40,000.00 investment, contrary to the PPM citing two Promissory Notes per \$20K investment.

7. On March 15, 2016, **HODGE** sent a letter to the Alabama Investor advising that, “the contractor sent us a 2nd cost of close to four (4) million dollars more than our loan was authorized for. What that meant was that we had to go back, get other bids and resend our project all over again” intended to lull the Alabama Investor. Later in this same letter, **HODGE** represented that, “[o]ur project is a very good & strong project. I have spent hundreds of thousands of my own finances to get everything in order to go to closing.”

8. On June 29, 2018, a review of the registration files maintained by the Commission revealed that neither **CSD** nor **HODGE** were registered as a Securities Dealer, Agent, Investment Advisor or Investment Advisor Representative in the state of Alabama.

9. On June 29, 2018, a review of the registration files of the Alabama Securities Commission indicated no registration or exemption from registration of the securities in question, to-wit: Promissory Notes, issued by **CSD** and **HODGE** to the Alabama resident.

### **CONCLUSIONS OF LAW**

10. Section 8-6-2(10) Code of Alabama 1975, includes any investment contract in the definition of a security. The investment offered and/or sold by **RESPONDENTS** designated as “Promissory Notes” are investment contracts and therefore are considered a security as defined in the Act.

11. 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. **HODGE** acted as an agent of **CSD** when effecting the sale of securities, to wit: Promissory Notes, issued by **CSD**.

12. 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. By offering and selling securities issued by **CSD**, **HODGE** acted as an agent in the state of Alabama resident without benefit of registration in violation of the Act.

13. Section 8-6-4, Code of Alabama, 1975, states: it is unlawful for any person to offer or sell any security in this state unless it is registered under the Act; the security is exempt from registration under section 8-6-10; or the transaction is exempt under section 8-6-11. The securities offered and/or sold by **HODGE** relating to **CSD**, to wit: Promissory Notes, are neither registered nor subject to exemption from registration in Alabama in violation of the Act.

This Order is appropriate in the public interest for the protection of investors and is 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 are available to it under the Alabama Securities Act.

**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, Alabama, this 25th day of July, 2018.

ALABAMA SECURITIES COMMISSION

401 Adams Avenue, Suite 280

Montgomery, AL 36104

(334) 242-2984

BY:

A handwritten signature in blue ink, appearing to read "JP Borg", written over a horizontal line.

JOSEPH P. BORG

Director

