

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	
ROBERT JOSEPH RITCH)	ADMINISTRATIVE ORDER
)	NO. CD-2019- 0034
<u>RESPONDENT</u>)	

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 pertaining to the engagement of investment advisory services, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **ROBERT JOSEPH RITCH (RITCH)** is a citizen of Tennessee with a principal business address of 1550 West McEwen Drive, Suite 300, Franklin, Tennessee 37067.

STATEMENT OF FACTS

2. On or about March 9, 2018, the Securities and Exchange Commission (SEC) issued Administrative Proceeding/File No. 3-1839 against **RITCH** pursuant to an Offer of Settlement submitted by **RITCH** and accepted by the SEC. **RITCH** consented to said Administrative Proceeding which included an Order to cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder (relating to securities fraud).

3. On or about July 30, 2019, Client A, the CEO of a business located in Ozark, Alabama, was introduced to **RITCH**, via telephone, by a third party. Client A was seeking capital to finance a business expansion project. During the telephone conversation

between Client A and **RITCH**, Client A gave **RITCH** an overview of his project which included information pertaining to his capital needs.

4. On or about August 16, 2019, Client A placed a follow-up telephone call to **RITCH**. During said telephone conversation, **RITCH** represented to Client A that he could be of assistance to Client A and introduced the concept of equity funding to Client A. **RITCH** represented to Client A that he is experienced in raising equity funding through private placement offerings. In addition, **RITCH** represented to Client A that he is also experienced in taking companies through public offerings.

5. On or about August 20, 2019, **RITCH**, via e-mail, delivered a "Consulting Agreement" to Client A for consideration prior to a scheduled meeting between Client A and **RITCH**.

6. On or about August 27, 2019, **RITCH** traveled to Ozark, Alabama, where he met with Client A. During their meeting, **RITCH** outlined his plan to raise between four million dollars (\$4,000,000.00) and twenty-two million dollars (\$22,000,000.00) of capital funding to finance the business expansion envisioned by Client A. The plan outlined by **RITCH** involved the use of a parent corporation with subsidiary corporations for various business functions. **RITCH** represented to Client A that the capital funding for the business expansion would be accomplished through a private placement offering. In addition, **RITCH** represented to Client A that a subsequent public offering may be a possibility.

7. On or about August 27, 2019, **RITCH** and Client A entered into a "Consulting Agreement" whereby **RITCH** was to perform the following services:

- Review current business and financial structure
- Suggest and implement approved changes
- Create a new corporation and introduce/arrange capital to fund the new venture

8. In exchange for services provided, **RITCH** was to receive the following:

- \$5,000.00 at signing of said agreement

- \$5,000.00 per month for 37 months with the first payment due on October 1, 2019
- \$110,000.00 in common stock in the new corporation at the same price per share as the first round of funding

9. On or about August 27, 2019, Client A issued a check for \$10,000.00 to **RITCH** pursuant to the "Consulting Agreement." The single check represented payment of the amount due at signing as well as a fee to **RITCH** and expenses associated with the creation of the new corporate entity(ies).

10. **RITCH** recommended to Client A that the new entity be formed in the State of Wyoming. As of October 15, 2019, there is no record of an entity having been formed in Wyoming under the agreed upon name for the new company, per records maintained and made available by the Secretary of State, State of Wyoming.

11. A search of the registration files maintained by the Alabama Securities Commission reveals that **RITCH** is not registered as an investment adviser in the State of Alabama.

CONCLUSIONS OF LAW

12. Section 8-6-2 (18), Code of Alabama, 1975, defines an investment adviser, in pertinent part, as any person, who for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities; to wit: **RITCH** traveled to Alabama where he executed a "Consulting Agreement" to provide investment advisory services to Client A and received compensation upon doing so. Therefore, **RITCH** is an investment adviser as defined by the Act.

13. Section 8-6-3(b), Code of Alabama, 1975, states that it is unlawful for any person to transact business in the State of Alabama as an investment adviser unless the person is registered as such under the Act or otherwise subject to exemption from registration; to wit: **RITCH** is not registered with the Commission as an investment adviser.

14. Section 8-6-17(c), Code of Alabama, 1975, states that in solicitation of advisory clients, it is unlawful for any person to make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; to wit: **RITCH** failed to disclose to Client A the existence of the Cease and Desist Order issued by the SEC on or about March 9, 2018, 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 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, though either administrative adjudication, failure of the **RESPONDENT** to make a timely request for hearing, or default of the respondent, it is the intention of the Commission to impose sanctions upon the **RESPONDENT**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENT**, an additional administrative assessment for investigative costs arising from the investigation of the violations described herein against **RESPONDENT**, and a permanent order to bar **RESPONDENT** from participation in any securities-related industry in the State of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **ROBERT JOSEPH RITCH**, immediately **CEASE AND DESIST** from offering investment advisory services into, within or from the State of Alabama.

IT IS FURTHER ORDERED, pursuant to Section 8-6-30, Code of Alabama, 1975, that **ROBERT JOSEPH RITCH** shall provide documentation to the Commission which demonstrates compliance with Section 8-6-3(b), Code of Alabama, 1975.

Entered at Montgomery, Alabama, this 18th day of October, 2019.

ALABAMA SECURITIES COMMISSION
445 Dexter Avenue, Suite 12000
Montgomery, AL 36104
(334) 242-2984

BY:



JOSEPH P. BORG
Director

