

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

PETER TEDWYNN FALKNER
CARLA WILLIAMS FALKNER

RESPONDENTS

)
) ADMINISTRATIVE ORDER
) NO. CD-2022-0020
)
)
)

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, has determined as follows:

RESPONDENTS

1. PETER TEDWYNN FALKNER (“**P. FALKNER**”) is an Alabama resident and is listed as the Managing Director of **IMP, LLC**. **P. FALKNER** has a listed address of 1553 Monterey Place, Mobile, Alabama 36604.
2. CARLA WILLIAMS FALKNER (“**C. FALKNER**”) is listed as the President and Chief Operating Officer of **IMP, LLC**. **C. FALKNER** has a listed address of 1553 Monterey Place, Mobile, Alabama 36604.

STATEMENT OF FACTS

3. The Commission received information regarding the offer and sale of investments in an Alabama company named InnoMed Two, LLC. The information stated a separate Alabama company, Innovative Medicine Partners, LLC was offering investments in several subsidiary LLCs under the InnoMed name. The Commission initiated an investigation to gather further information regarding this matter.

4. Information obtained by the Commission indicates **C. FALKNER** and **P. FALKNER** own 50% of the company and control the management and operations of Innovative Medicine Partners, LLC, as well as all company and subsidiary bank accounts. **C. FALKNER** is

listed as the Founder, Manager, President and Chief Operating Officer of Innovative Medicine Partners, LLC and the subsidiary InnoMed LLCs.

5. **P. FALKNER** is listed as the Chief Managing Director of Innovative Medicine Partners, LLC. Witness statements and additional information indicate **P. FALKNER** was the primary fund raiser for the company and solicited investments in InnoMed One, LLC, InnoMed Two, LLC and InnoMed Five, LLC from multiple individuals in several states.

6. According to the InnoMed offering materials, Innovative Medicine Partners, LLC sought to identify, develop, and ultimately market various medical devices. Innovative Medicine Partners, LLC established a separate InnoMed LLC for each proposed medical device under development. **RESPONDENTS** would then solicit and sell subscription agreements for Class II Units of the InnoMed LLC to raise capital for the purported development of the specific medical device assigned to the LLC. **RESPONDENTS** began soliciting and selling investments as early as January 2017.

7. The Commission reviewed offering documentation **RESPONDENTS** provided to investors of InnoMed One, LLC, InnoMed Two, LLC and InnoMed Five, LLC. The offering documents state the LLCs are offering private placements for Class II shares in the respective companies, and each Class II share is being sold at a price of \$290,000. The documents state each Class II share represents a 1% non-voting membership interest in the respective companies.

8. The InnoMed Two, LLC offering documents state the company will use investor funds for:

- *Research and development, including pre-clinical testing and clinical trials*
- *Establishing specialized prototype manufacturing relations*
- *Marketing, working capital and general operational expenses*

9. The offering documents for InnoMed One, LLC, and InnoMed Five, LLC state the investor funds will be used for:

- a. *Research & development, and clinical trials*
- b. *FDA filings and testing*
- c. *Manufacturing of devices*

- d. Continued growth of patent portfolio, maintenance of existing patents*
- e. Marketing*
- f. General corporate purposes*

10. **RESPONDENTS** incorporated InnoMed One, LLC in January 2017 and began soliciting and selling investments. **RESPONDENTS** raised \$4,365,000 from approximately 60 investors between January 2017- December 2021.

11. **RESPONDENTS** incorporated InnoMed Two, LLC in January 2017 and began soliciting and selling investments to approximately 30 investors. Between August 2017 and April 2020, **RESPONDENTS** raised \$4,222,000 from the sale of Class 2 Units of the LLC.

12. **RESPONDENTS** incorporated InnoMed Five, LLC in February 2019 and raised \$1,600,000 from approximately 20 investors between February 2020 and November 2021.

13. Witness statements and documentation gathered by the Commission indicate **RESPONDENTS** have solicited and sold investments in InnoMed One, LLC, InnoMed Two, LLC and InnoMed Five, LLC to more than 80 individuals and entities located in Alabama, Florida, Georgia, Louisiana, Mississippi, Colorado, Wisconsin, Illinois, California, New Jersey, Washington, Connecticut, Kentucky and Texas. The information also indicates the companies has raised approximately \$10.5 million since October 2016.

14. Various offering documentation and information provided on the company website state **P. FALKNER** “is a practicing clinical research scientist/consultant...” and **P. FALKNER** routinely uses the title *Clinical Research Scientist* in company promotional materials. The information claims **P. FALKNER** attended Auburn University and the University of Alabama – Birmingham and obtained “a major in biology, a minor in chemistry and a masters in clinical research”.

15. Information gathered in the Commission’s investigation indicates **P. FALKNER** attended Auburn University during the period of September 22, 1977 through May 30, 1978 and attended University of Alabama – Birmingham from September 1, 1980 through December 1, 1981, but did not graduate or obtain a degree from either university.

16. The Commission's investigation also revealed that both **RESPONDENTS** have previously filed for individual bankruptcy with the U.S. Bankruptcy Court in the Southern District of Alabama. **C. FALKNER** filed for Chapter 13 bankruptcy on August 24, 2011 and concluded bankruptcy proceeding on July 27, 2012. **P. FALKNER** originally filed for bankruptcy on August 7, 2015 before abandoning the process on August 30, 2016. **P. FALKNER** filed for bankruptcy again on September 13, 2016 and remained in the bankruptcy process until it was discharged on January 12, 2022.

17. A search of the registration files of the Alabama Securities Commission revealed no record of registration, or notice filing, nor any perfected exemption from registration for the securities offered and sold by **RESPONDENTS**.

18. A search of the U.S. Securities and Exchange Commission's EDGAR website disclosed a single Regulation D 506(b) filing relating to InnoMed Two, LLC, filed on May 5, 2020. The initial filing stated the company was seeking to raise \$9,715,000 through the offering and listed a Date of First Sale as July 21, 2020. Information contained in the Reg. D filing indicated the company had raised \$3,845,200 from 41 investors. The filing also stated \$2,918,500 has been, or is proposed to be, paid to individuals listed as company executive officers, directors or promoters.

19. An amended Reg. D 506(b) filing was made by the company on August 21, 2020 regarding the InnoMed Two, LLC offering. This amended filing decreased the amount of the offering previously sold to \$3,818,674 and decreased the number of investors to 32. This filing stated the amount that has been paid, or is proposed to be paid, to executive officers, directors or promoters increased to \$3,413,134.

CONCLUSIONS OF LAW

20. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of "security" includes stock, investment contracts, units and subscription agreements pertaining to the sale or purchase of a beneficial interest. The interests in InnoMed One, LLC, InnoMed Two, LLC, and InnoMed Five, LLC, offered and sold by **RESPONDENTS**, are securities as defined by the Act.

21. Pursuant to Section 8-6-2(5), Code of Alabama 1975, the definition of an "issuer" includes every person who proposes to issue or has issued any security. **RESPONDENTS**, by

issuing securities, to wit: Class II units of InnoMed One, LLC, InnoMed Two, LLC, and InnoMed Five, LLC, are “issuers” as defined by the Act.

22. 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 they are registered under the Act. It is unlawful for any dealer or issuer to employ an agent unless the agent is registered. **RESPONDENTS** were neither registered nor subject to a perfected exception from registration in Alabama at the time of solicitation or sale and in violation of the Act.

23. 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 it is registered or exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11. The securities, i.e. the Class II InnoMed One, LLC and InnoMed Five, LLC units offered and sold by **RESPONDENTS** were neither registered, nor subject to a perfected exception from registration in Alabama at the time of solicitation or sale, and were offered and sold in violation of the Act.

24. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances in which they were made, not misleading; **RESPONDENTS** omitted material facts in the sale and solicitation of securities to InnoMed investors, by failing to disclose that both **RESPONDENTS** previously filed bankruptcy and **P. FALKNER** was actively involved in bankruptcy proceedings while soliciting approximately \$10.5 million from investors.

25. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances in which they were made, not misleading; **P. FALKNER** misrepresented his education, and obtaining advanced educational degrees, to investors.

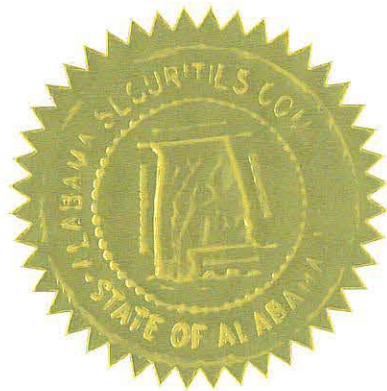
This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Act.

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 **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 16TH day of SEPTEMBER 2022.



ALABAMA SECURITIES COMMISSION
P.O. Box 304700
Montgomery, AL 36130-4700
(334) 242-2984
BY:

A blue ink signature of the name "Edwin L. Reed".

Edwin L. Reed
Deputy Director - Administration