

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
MICHAEL SHAWN CLEMMONS)	
DAVID M. DORSETT IV)	ADMINISTRATIVE ORDER
SOUTHERN FLOW PROPERTY HOLDINGS,)	NO. CD-2024-0029
CONSULTING AND MANAGEMENT LLC,)	
)	
)	
<u>RESPONDENTS</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, has determined as follows:

RESPONDENTS

1. **MICHAEL SHAWN CLEMONS ("CLEMONS")** is an individual who at all relevant times resided in Orange Beach, AL.
2. **DAVID M. DORSETT IV ("DORSETT")** is an individual who at all relevant times resided in Pensacola, FL.
3. **SOUTHERN FLOW PROPERTY HOLDINGS, CONSULTING AND MANAGEMENT LLC ("SOUTHERN FLOW")** is a limited liability company organized in Colorado in May 2018 with its principal place of business in Littleton, Colorado. **DORSETT** is the Chief Executive Officer of **SOUTHERN FLOW**.

STATEMENT OF FACTS

4. The Commission received information from the State of Colorado regarding an open investigation involving **SOUTHERN FLOW, DORSETT, and CLEMONS** identifying

Alabama residents who were potential victims of fraud. The information obtained from Colorado stated **DORSETT** was the owner of **SOUTHERN FLOW**, and indicated **CLEMONS** was compensated \$2500 for every \$25,000 investment/unit that **CLEMONS** sold.

5. The Commission opened an investigation into the matter to gather additional information. It was discovered through the investigation that sixteen (16) Alabama residents invested approximately \$400,000 into **SOUTHERN FLOW** from May 2018 to September 2019.

6. **SOUTHERN FLOW** was a limited liability corporation offering Class A and Class B LLC membership units. The investors purchased Class A and/or B LLC membership units in **SOUTHERN FLOW** at a price of \$25,000 per investment/unit.

7. **SOUTHERN FLOW** was a land holding and consulting company that was indirectly associated with the cannabis industry in Colorado. Investments into **SOUTHERN FLOW**, Class A and/or B LLC membership units, were for leased land, buildings, and equipment in support of other businesses associated with the cannabis industry in Colorado, specifically Colorado Gold LLP and NewCo Ventures LLC.

8. A search of the Commission's registration files revealed no record of registration, or notice filing, nor any perfected exemption from registration for the investment contracts offered and sold by **SOUTHERN FLOW**, **DORSETT**, or **CLEMONS**. The search also revealed that **CLEMONS** and **DORSETT** were not registered with the Commission as an agent for securities, as a broker dealer, issuer agent, investment adviser, investment adviser representative, in the State of Alabama.

CONCLUSIONS OF LAW

9. Pursuant to, Section 8-6-2(10), Code of Alabama 1975, the definition of a security includes, in part, "investment contracts." The **SOUTHERN FLOW** Class A and Class B LLC

membership units sold by **CLEMONS** and **DORSETT** to Alabama residents are securities as defined by the Act.

10. 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. **SOUTHERN FLOW**, by issuing its investment contracts, is an issuer as defined by the Act.

11. Pursuant to Section 8-6-2(2), Code of Alabama 1975, the definition of an “agent” includes any individual other than a dealer who represents an issuer in effecting or attempting to effect sales of securities. **CLEMONS** and **DORSETT**, in effecting and attempting to effect sales of securities on behalf of the issuer, **SOUTHERN FLOW**, acted as agents as defined by the Act.

12. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in Alabama as an agent for securities unless that person is registered under the Act. It is unlawful for any dealer or issuer to employ an agent unless the agent is registered. **CLEMONS** and **DORSETT**, by offering and selling securities as agents for **SOUTHERN FLOW** did so without having been registered with the Commission, in violation of the act. **SOUTHERN FLOW** employed **CLEMONS** and **DORSETT** as unregistered agents, in violation of the Act.

13. 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. **SOUTHERN FLOW**, **CLEMONS**, AND **DORSETT** offered and sold the **SOUTHERN FLOW** investment contracts, which were neither registered nor subject to a perfected exemption from registration, 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 Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENT(S)** to make a timely request for hearing, or default of the **RESPONDENT(S)**, it is the intention of the Commission to impose sanctions upon the **RESPONDENT(S)**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENT(S)**, an additional administrative assessment for investigative costs arising from the investigation of the violations described herein against **RESPONDENT(S)**, and a permanent order to bar **RESPONDENT(S)** from participation in any securities-related industry in the State of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENT(S)** 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 27th day of November, 2024.

ALABAMA SECURITIES COMMISSION

445 Dexter Avenue, Suite 12000
Montgomery, AL 36104
(334) 242-2984
BY:

asenn

Amanda L. Senn
Director

