

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

3 HEBREW BOYS, LLC

and

CAPITAL CONSORTIUM GROUP, INC.

and

TONY POUGH

and

TIM McQUEEN

and

JOSEPH BRUNSON

and

MIKE THOMAS,

RESPONDENTS.

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Securities Division No. 2007-0332

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SUMMARY ORDER TO CEASE AND DESIST

WHEREAS, the Securities Division of the Office of the Maryland Attorney General, pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (1999 Repl. Vol. & Supp. 2006) (the "Securities Act"), undertook an investigation into the securities-related activities of 3 Hebrew Boys, LLC, Capital Consortium Group, Inc., Tony Pough, Tim McQueen, Joseph Brunson, and Mike Thomas (collectively the "Respondents"); and

WHEREAS, on the basis of that investigation the Securities Commissioner (the "Commissioner") has determined that the Respondents have engaged and may continue to engage in an act or practice constituting a violation of the registration and antifraud provisions of the Securities Act; and

WHEREAS, the Commissioner has determined that immediate action against the Respondents is in the public interest;

NOW THEREFORE, pursuant to section 11-701.1(a) of the Securities Act, it is hereby:

ORDERED, that 3 Hebrew Boys, LLC, Capital Consortium Group, Inc., Tony Pough, Tim McQueen, Joseph Brunson, and Mike Thomas, and each of them, their officers, directors, employees, agents and anyone else involved in the offer or sale of investments in or through the Respondents, immediately cease and desist from soliciting investment in, or offering or selling securities or advance-fee investments in or from Maryland, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order is punishable as a criminal offense under section 11-705 of the Securities Act by a fine not exceeding \$50,000 or imprisonment not exceeding three years, or both.

IT IS FURTHER **ORDERED** that each Respondent show cause why a final order should not be issued against it, assessing that Respondent the statutory penalty of \$5,000 per violation of the Securities Act, and permanently barring that Respondent from engaging in the securities business in or from Maryland.

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Securities Act.

II. RESPONDENTS

2. 3 Hebrew Boys, LLC (“3HB”) is a South Carolina limited liability company with its principal office and address at 4039 Monticello Rd., Columbia, South Carolina.

3. Capital Consortium Group, Inc. (“CCG”) is a South Carolina corporation with its address at 4039 Monticello Rd., Columbia, South Carolina. At all times relevant to this action 3HB acted in concert with CCG.

4. Tony Pough, with a last known address at 4039 Monticello Rd., Columbia, South Carolina, is the registered agent for and a principal of 3HB.

5. Tim McQueen, with a last known address at 4039 Monticello Rd., Columbia, South Carolina,

is a principal of 3HB.

6. Joseph Brunson, with a last known address at 4039 Monticello Rd., Columbia, South Carolina, is a principal of 3HB.

7. Mike Thomas, with a last known address at 4039 Monticello Rd., Columbia, South Carolina, acted as an agent of 3HB and CCG for soliciting investors in Maryland.

III. STATEMENT OF FACTS

On information and belief, the Commissioner alleges the following as the basis for this Order.

8. Beginning around Fall 2006 and continuing to the present, Respondents solicited investors in Maryland, through large-attendance seminars at churches or conference centers and small meetings in personal homes, to invest a fixed amount of money with Respondents with the promise of a greater return at a specified future time.

9. Attendance at these presentations was by invitation only, and attendees were required to execute a non-disclosure document prior to the seminar.

10. The presentations at the 3HB and CCG seminars centered around the opportunity for investors to obtain, in a relatively short time, a financial windfall in the form of the early payoff of their mortgage, credit card debt, car loans, or college tuition. In each case, the investor is asked to deposit a specified “fee” (usually 5% of the principal amount of the loan or mortgage to be paid off) with CCG for a specified time. For example, an investor could obtain satisfaction of a mortgage of less than \$50,000 in sixteen months by paying CCG a fee of \$1,575.00, and by continuing to pay the mortgage payments for those 16 months. All “fees” were to be paid by cashier’s check payable to CCG.

11. In addition to the early-payoff investments, the Respondents also offered a short-term program that promised a lump-sum payment for a one-time advance fee, or a program that would pay 10% monthly of an invested sum for life, after a waiting period of 91 days.

12. These payments were to come from the proceeds Respondents received from the pooled invested funds. CCG claimed that it uses foreign exchange transactions conducted by its traders to obtain a profit of 2-500% nightly on foreign-invested funds.

13. Hundreds are believed to have invested over \$17 million dollars with Respondents, although the number of Maryland investors is not known.

14. One Maryland investor was invited to a seminar by a friend, at which Mike Thomas made the presentation on behalf of the Respondents at a meeting in Harford County in November 2006.

15. Potential investors were told that the Respondents could pool their investments and invest in foreign stock market transactions, and then share the profits with investors in the form of their financial payoffs.

16. The investor agreed to invest in three CCG programs: the Christmas Fund, a short term, lump sum program; the Mortgage Satisfaction Program, to pay off the mortgage in 18 months; and the Auto Satisfaction Program, to pay off an auto loan in 18 months. The investor sent three checks totaling \$16,875 around December 2, 2006; they were returned by CCG, and a cashier's check was sent instead. The money was sent to Tony Pough.

17. The early debt reduction programs and the payment programs that have been offered or sold by the Respondents are investment contracts, evidences of indebtedness, and participatory interests in a profit-sharing agreement, all of which constitute "securities" within the meaning of section 11-101 of the Securities Act.

18. Respondents reportedly have taken over \$17 million from investors in many states, many of whom are military personnel and members of religious groups.

19. There is no evidence that the funds were used by Respondents for the advertised purposes of investment in foreign stock transactions, or of profits as Respondents claimed. Records suggest that funds were converted to the Respondents' personal use.

20. The Securities Division has no record of securities registration for an offering by or in the name of 3HB or CCG, nor has any claim of exemption or status as a federal-covered security been made with the Division with respect to any such offering.

21. None of the Respondents is registered in Maryland as a securities broker-dealer or as an agent, or as an investment adviser or investment adviser representative.

COUNT I
(Offer and Sale of Unregistered Securities)

WHEREAS, section 11-501 of the Securities Act makes it unlawful for any person to offer or sell a security in this state unless the security is registered, is exempt from registration under the Act, or is a federal covered security; and

WHEREAS, the investments in 3HB and/or CCG offered or sold by the Respondents are "securities" within the meaning of section 11-101 of the Securities Act; and

WHEREAS, there is no record of registration, a claim of exemption from registration, or qualification as a federal covered security filed with the Division by or on behalf of the Christmas Fund Program, the Auto Satisfaction Program, the Mortgage Satisfaction Program or any other offering by 3HB or CCG; and

WHEREAS, Respondents have offered or sold securities in violation of the registration requirements of section 11-501 of the Securities Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents, their officers, directors, employees, agents and anyone else involved in the offer or sale of the 3HB or CCG securities, cease and desist from offering and selling securities in or from Maryland, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondents show cause why a final order should not be issued

against them, assessing Respondents the statutory penalty of \$5,000 per violation of section 11-501, and permanently barring Respondents from the securities business in Maryland.

COUNT II
(Unregistered Broker-Dealer and/or Agent)

WHEREAS, section 11-401 of the Securities Act makes it unlawful for any person to transact business in the offer and sale of securities in this state as a broker-dealer or agent unless that person is registered as such pursuant to the Securities Act; and

WHEREAS, the investments in 3HB and CCG offered or sold by the Respondents are "securities" within the meaning of section 11-101 of the Securities Act; and

WHEREAS, the Securities Act defines "broker-dealer" to mean a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, the Securities Act defines "agent" to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, 3HB and CCG acted as a broker-dealer, and engaged in effecting transactions in securities in the form of investment contracts, evidences of indebtedness, and participatory interests in a profit-sharing agreement in this state; and

WHEREAS, Pough, McQueen, Brunson and Thomas each acted as a broker-dealer or agent of 3HB and CCG, and engaged in effecting transactions in securities in the form of investment contracts, evidences of indebtedness, and participatory interests in a profit-sharing agreement in this state; and

WHEREAS, none of the Respondents is registered with the Division as a broker-dealer or an agent to transact securities business within this state;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents, their officers, directors, employees, agents and anyone else involved in the offer or sale of the 3HB and CCG securities, cease and desist from acting as broker-dealers or agents in this state pending a hearing in this matter or until such time

as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondents each show cause why a final order should not be issued against it, assessing that Respondent the statutory penalty of \$5,000 per violation of the section 11-401 broker-dealer and agent registration provisions, and permanently barring that Respondent from the securities business in Maryland.

COUNT III
(Employment of Unregistered Agents for Sale of Securities)

WHEREAS, the investments in 3HB and CCG offered or sold by the Respondents are "securities" within the meaning of section 11-101 of the Securities Act; and

WHEREAS, under section 11-101(c) of the Act, a "broker-dealer" is defined as a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, Respondent 3HB and CCG are broker-dealers under the Securities Act; and

WHEREAS, under section 11-101(b) of the Securities Act, an "agent" is defined as an individual other than a broker-dealer, including a partner, officer or director of an issuer, who represents a broker-dealer or issuer in effecting or attempting to effect the purchase and sale of securities; and

WHEREAS, Pough, McQueen, Brunson, and Thomas, as agents of 3HB and CCG, solicited offers to purchase, offered to sell, and sold securities of 3HB and CCG and supervised others in doing so; and

WHEREAS, under section 11-402(a) of the Securities Act it is unlawful for any broker-dealer or issuer to employ or associate with an agent unless the agent is registered pursuant to the Securities Act; and

WHEREAS, the Division's files contain no record of the registration of Pough, McQueen, Brunson, or Thomas as a broker-dealer or agent in this state, pursuant to the Securities Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents 3HB and CCG cease and desist from employing unregistered agents for the offer or sale of securities in or from this state, pending a

hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondents 3HB and CCG show cause why a final order should not be issued against it, assessing Respondent the statutory penalty of \$5,000 per violation of the section 11-402 broker-dealer and agent registration provisions, and permanently barring Respondent from engaging in the securities business in Maryland.

COUNT IV
(Material Misrepresentation or Omission in Sale of Securities)

WHEREAS, section 11-301 of the Securities Act prohibits any person, in connection with the offer, sale or purchase of any security, directly or indirectly to: (1) employ any device, scheme or artifice to defraud; (2) 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; or (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, the investments in 3HB and CCG, that have been offered or sold by the Respondents are "securities" within the meaning of section 11-101 of the Securities Act; and

WHEREAS, in connection with the offer and sale of the securities, the Respondents misrepresented material facts, or omitted material facts that were necessary to make statements that were made not misleading, including Respondents' lack of appropriate registration, lack of full representation of the company's history and success rate, no disclosure of the risks associated with an investment in 3HB or CCG, and misrepresentation of the status and use of funds invested in 3HB or CCG;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents, their officers, directors, employees, agents and anyone else involved in the offer or sale of the 3HB and CCG securities, cease and desist from engaging in misrepresentation in connection with the offer or sale of securities, in violation of

section 11-301 of the Securities Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondents show cause why a final order should not be issued against them, assessing Respondents the statutory penalty of \$5,000 per violation of section 11-301, and permanently barring Respondents from the securities business in Maryland.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

_____IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Securities Act and the Code of Maryland Regulations, COMAR 02.02.06.06, that each Respondent shall file with the Securities Commissioner a written Answer to this Order within fifteen days of service of the Order. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether the Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by any Respondent to file a written request for a hearing in this matter shall be deemed a waiver by that Respondent of the right to such a hearing.

Failure of a Respondent to file an Answer or a request for a hearing shall result in entry of a final order directing that Respondent permanently to cease and desist from violation of the Securities Act, and imposing the sanctions sought in this Order.

SO ORDERED:

_____, June 28, 2007

/S/
MELANIE SENTER LUBIN
SECURITIES COMMISSIONER