



**COMMISSIONER OF SECURITIES  
STATE OF GEORGIA**

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**In the Matter of**

**G-Square Investments, Inc.**

**Respondent**

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**Case Number: ENSC-140374**

**ORDER TO CEASE AND DESIST**

This matter comes before the Commissioner of Securities for the State of Georgia (“Commissioner”) pursuant to the authority granted in O.C.G.A. § 10-5-70, *et seq.* of the Georgia Uniform Securities Act of 2008, as amended (“Act”). Whereas, the Commissioner undertook an investigation into the acts and practices of G-Square Investments, Inc. (“Respondent”).

On the basis of the investigation, the Commissioner has found grounds to conclude that Respondent may have engaged in acts or practices constituting violations of the Act. The Commissioner has determined it is in the public interest to issue this Order.

The Commissioner finds as follows:

**I. FINDINGS OF FACT**

1. Respondent is owned and operated by Glenn Green (“G. Green”) and Audrey Green a/k/a Cynthia Green (“C. Green”)(collectively “Greens”). Respondent bought, improved, and sold residential properties in Georgia. To facilitate business operations, Respondent solicited and sold investment securities to individuals for the various projects undertaken by Respondent. Respondent is not registered, and has never registered with the Corporations Division of The Office of the Georgia Secretary of State. The last known address of Respondent is P.O. Box 1142, Douglasville, Georgia 30133.

2. The Greens solicited investments on behalf of Respondent at real estate “flipping”

seminars. While the Greens operated Respondent, they lived in Douglasville, Georgia. The Greens moved to Vestavia Hills, Alabama in early 2015. G. Green passed away on June 14, 2016.

3. Investment in Respondent was conducted through joint venture agreements and promissory notes. Under the terms of the investments, Respondent would purchase a residential property and improve the property using funds provided by passive investors. Respondent would then sell the property and remit a portion of the proceeds to the investor. While Respondent entered into at least twelve (12) investment agreements with at least nine (9) investors, Respondent never remitted any proceeds to any investors, diverted investors' funds to pay personal expenses of the Greens, and funded other real estate projects.

4. During the spring of 2013 G. Green communicated to several investors that he was unable to continue with the real estate projects because he was diagnosed with a terminal lung disease. During the same time period, G. Green, through the Respondent, continued to solicit new investors for new projects and opened a restaurant, GG's Downtown Restaurant, in Douglasville, Georgia.

#### **A. Investment #1 (1941 Honeysuckle Lane)**

5. On or about November 5, 2012 Respondent solicited and issued securities to Investor #1 to "purchase, rehab and sell" the property located at 1941 Honeysuckle Lane, Atlanta, Georgia. In total, Investor #1 invested one hundred thousand dollars (\$100,000.00) comprised of a seventy five thousand dollar (\$75,000.00) joint venture agreement and a twenty five thousand dollar (\$25,000.00) promissory note. During the solicitation of Investor #1, G. Green represented that the after repair value ("ARV") of the property was one hundred thirty five thousand dollars (\$135,000.00).

6. Although Respondent estimated repair expenses of fifty thousand dollars (\$50,000.00) for the project, Respondent only recorded expenses associated with the renovation totaling seven thousand three hundred sixty two dollars (\$7,362.00).

7. In March 2013, G. Green contacted Investor #1 to notify Investor #1 that Respondent could not continue with the project and would default under the terms of the joint venture agreement and promissory note. G. Green offered to issue a quit claim deed to Investor #1 for the release of Respondent from the terms of the joint venture agreement and promissory note.

8. Investor #1 contracted an independent contractor and appraiser to estimate the

remaining repair work and ARV of the property. The contractor estimated that the property would require eighty five thousand dollars (\$85,000.00) to complete and that the ARV was an estimated sixty eight thousand five hundred dollars (\$68,500.00).

**B. Investment #2 (1953 Lyle Avenue)**

9. On or about March 14, 2013 Respondent solicited and issued securities to Investor #2 to rehab and sell the property located at 1953 Lyle Avenue, College Park, Georgia. Investor #2 invested twenty thousand dollars (\$20,000.00) in principal through a promissory note. Under the terms of the promissory note, Investor #2 would receive the twenty thousand dollar (\$20,000.00) principal plus twenty percent (20%) interest either in one hundred twenty (120) days or upon the sale of the property, which ever occurred first.

10. On August 6, 2012, Respondent purchased the property for sixty thousand dollars (\$60,000.00). On October 9, 2012, Respondent recorded security interest on the property to two parties not associated with Investor #2. The security interest recorded by Respondent totaled one hundred twenty two thousand dollars (\$122,000.00). Respondent sold the property on July 19, 2013 for one hundred ninety five thousand dollars (\$195,000.00). After paying the secured creditors, Respondent retained the proceeds totaling thirty one thousand nine hundred thirty three dollars (\$31,933.00). Respondent failed to repay any of the principal or interest due to Investor #2 under the terms of the promissory note and retained all proceeds from the sale of the property.

**C. Investment #3 (2217 Ridgedale Road)**

11. On or about December 7, 2012 Respondent solicited and issued securities to Investor #3 and Investor #4 to “purchase, rehab and sell” the property located at 2217 Ridgedale Road, Atlanta, Georgia. Pursuant to joint venture agreements and promissory notes, Investor #3 and Investor #4 individually invested fifty thousand dollars (\$50,000.00) each with representations that each would receive their principal plus twenty percent (20%) interest upon sale of the property. On December 7, 2012 Respondent purchased the property for ninety thousand dollars (\$90,000.00).

12. On or about March 13, 2013 Respondent solicited and issued an investment to Investor #2 to rehab and sell the property located at 2217 Ridgedale Road, Atlanta, Georgia. Pursuant to a joint venture agreement and promissory note, Investor #2 invested twenty thousand dollars (\$20,000.00) under the representation that Investor #2 would receive the principal plus twenty percent (20%) interest upon sale of the property.

13. In July 2013 Respondent communicated to all three (3) investors that it would be unable to satisfy the terms of the joint venture agreements and promissory notes. On July 7, 2014, Investor #4 foreclosed on the property. Investor #2 and Investor #3 experienced complete losses of their investments.

14. Although Respondent estimated repair expenses of sixty thousand dollars (\$60,000.00) for the project, Respondent only recorded expenses associated with the renovation totaling thirteen thousand six hundred ninety dollars (\$13,690.00).

#### **D. Investment #4 (2649 Wood Trail Lane)**

15. On or about January 8, 2013 Respondent solicited and issued securities to Investor #3, Investor #5, and Investor #6 to “purchase, rehab and sell” the property located at 2649 Wood Trail Lane, Decatur, Georgia. Pursuant to a joint venture agreement and promissory note, Investor #3 invested twenty three thousand dollars (\$23,000.00), Investor #5 invested thirty thousand dollars (\$30,000.00) and Investor #6 invested forty five thousand dollars (\$45,000.00). Respondent represented in the joint venture agreements and promissory notes that each investor would receive the principal investment plus twenty percent (20%) interest upon sale of the property. In communications with the investors, G. Green stated that an investment in the property was a “guarantee[d] 20% return.”

16. On January 18, 2013 Respondent purchased the property for eighty three thousand dollars (\$83,000.00).

17. On or about March 13, 2013 Respondent solicited and issued securities to Investor #2 to rehab and sell the property located at 2649 Wood Trail Lane, Decatur, Georgia. Pursuant to a joint venture agreement and promissory note, Investor #2 invested ten thousand dollars (\$10,000.00). Respondent represented in the joint venture agreement and promissory note that Investor #2 would receive the principal investment plus twenty percent (20%) interest upon the sale of the property.

18. On January 6, 2014 the property was sold through foreclosure to Heritage Select Homes. All the investors experienced complete losses of their investment.

#### **E. Investment #5 (1760 Memorial Drive)**

19. On or about February 11, 2013 Respondent solicited and issued securities to Investor #7 to “purchase, rehab and sell” the property located at 1760 Memorial Drive, Georgia. Pursuant to a joint venture agreement and promissory note, Investor #2 invested ten thousand dollars

(\$10,000.00). Respondent represented in the joint venture agreement and promissory note that Investor #7 would receive the principal investment plus twenty percent (20%) interest upon either the sale of the property or one hundred twenty (120) days, whichever occurred first.

20. On or about February 12, 2013 Respondent solicited and issued securities to Investor #8 to “purchase, rehab and sell” the property located at 1760 Memorial Drive, Georgia. Pursuant to a joint venture agreement and promissory note, Investor #8 invested fifty thousand dollars (\$50,000.00). Respondent represented in the joint venture agreement and promissory note that Investor #8 would receive the principal investment plus twenty percent (20%) within six (6) months from investment.

21. Respondent purchased the property on March 11, 2013 for three hundred thousand dollars (\$300,000.00). The sale was seller financed. On December 11, 2013 the seller foreclosed on the property and retook ownership.

22. From April 2013 through November 2013 Respondent collected rental income from at least two (2) residents at the property. Respondent did not distribute any rental income to investors.

23. Respondent failed to perform under the terms of the joint venture agreements and promissory notes associated with the investments in the property. All the investors experienced complete losses of their investment.

#### **F. Investment #6 (1431 Meridian Street)**

24. Respondent purchased the property located at 1431 Meridian Street, Atlanta, Georgia on March 20, 2013 for ninety thousand dollars (\$90,000.00). The financing for the purchase was provided by a third-party lender, Paces Funding.

25. On or about March 21, 2013 Respondent solicited and issued securities to Investor #4 and Investor #9 to rehab and sell the property. Pursuant to joint venture agreements and promissory notes, the investors each invested twenty six thousand five hundred dollars (\$26,500.00). Respondent represented in the joint venture agreements and promissory notes that the investors would receive the principal investment plus twenty percent (20%) upon sale of the property.

26. Respondent failed to perform under the purchase lending agreement and Paces Funding foreclosed on the property on January 4, 2014. While the investors provided fifty three thousand dollars (\$53,000.00) to fund the project, Respondent’s expenses only show that eleven

thousand eight hundred nine dollars (\$11,809.00) was spent on the project.

27. Respondent failed to perform under the terms of the joint venture agreements and promissory notes associated with the investments in the property. All the investors experienced complete losses of their investment.

## II. CONCLUSIONS OF LAW

28. Paragraphs 1 through 27 are incorporated by reference as though fully set forth herein.

29. The Commissioner has jurisdiction over this matter pursuant to the Act.<sup>1</sup>

30. Pursuant to O.C.G.A. § 10-5-70, *et seq.*, the Commissioner is authorized to institute this investigation and issue this Order.

31. Pursuant to O.C.G.A. § 10-5-73, the Commissioner may issue an order directing a person to cease and desist from engaging in the act, practice, or course of business if the Commissioner determines that the person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or Rule adopted thereunder.

32. Pursuant to O.C.G.A. § 10-5-73(d), the Commissioner may impose a civil penalty on an individual not to exceed a maximum of fifty thousand (\$50,000.00) dollars for a single violation or five hundred thousand (\$500,000.00) dollars for several violations.

33. Pursuant to O.C.G.A. § 10-5-20, it is unlawful for a person to offer or sell a security in Georgia unless that security is a federally covered security, the security, transaction or offer is exempted from the registration requirement, or the security is registered according to the Act.

34. The joint venture agreements and promissory notes offered and issued by the Respondent, detailed above, are “securities” as defined by O.C.G.A. § 10-5-2(31). Respondent’s securities were not federally covered securities, Respondent has not asserted that the securities were exempt from the registration requirement of the Act, and the securities were not registered pursuant to the Act. Respondent’s failure to properly comply with the registration requirement is a violation of O.C.G.A. § 10-5-20. The violation is an actionable event pursuant to O.C.G.A. § 10-5-73 and therefore the Respondent is subject to discipline.

35. Pursuant to O.C.G.A. § 10-5-50, “[i]t is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly: (1) [t]o employ a device, scheme, or artifice to defraud; (2) [t]o make an untrue statement of a material fact or to omit to state a

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<sup>1</sup> See O.C.G.A. §§ 10-5-70 and 10-5-71.



material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading; or (3) [t]o engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.”

36. During the offer and sale of the securities detailed above, Respondent through G. Green made false statements regarding the nature of the investments, the expected return on investment, the ability to complete the investment, and the stated use of the investment funds. Through these activities Respondent made untrue statements of material fact or failed to make statements necessary in order to make statements made not misleading. Furthermore, the acts, practices, or course of business of Respondent operated as fraud or deceit upon the investors. Respondent’s activities are violations of O.C.G.A. § 10-5-50. The violations are actionable events pursuant to O.C.G.A. § 10-5-73 and therefore the Respondent is subject to discipline.

### III. ORDER

**WHEREFORE**, by the authority vested in me as the Commissioner of Securities for the State of Georgia, **IT IS HEREBY ORDERED**:

1. That **G-Square Investments, Inc. CEASE AND DESIST** from all violations of the Georgia Uniform Securities Act of 2008 and the rules and regulations adopted thereunder.

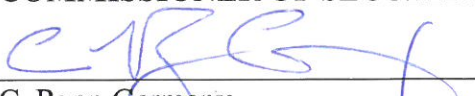
2. That **G-Square Investments, Inc.** pay a civil penalty in the amount of two thousand five hundred dollars (\$2,500.00). The civil penalty is payable to the Commissioner within thirty (30) days of the finalization date of this Order.

The entry of this Order is deemed to be in the public interest, and shall not be deemed to constitute findings or conclusions relating to other persons unrelated to Respondent and shall not be deemed to be a waiver or estoppel on the part of the Commissioner from proceeding in individual actions against any person who may have violated the Act or any transactions not specifically referred to herein or not known to the Commissioner at the time this Order was issued.

**SO ORDERED** this 27<sup>th</sup> day of June, 2017.

**BRIAN P. KEMP**  
**SECRETARY OF STATE**  
**COMMISSIONER OF SECURITIES**

By:

  
C. Ryan Germany  
Assistant Commissioner of Securities