



**COMMISSIONER OF SECURITIES
STATE OF GEORGIA**

In the matter of

Source Trade Exports, LLC et. al.

ENSC-160572

Respondents.

CONSENT ORDER

Pursuant to O.C.G.A. § 10-5-71(a)(1) of the Georgia Uniform Securities Act of 2008, O.C.G.A. § 10-5-1, et seq. ("Act"), the Commissioner of Securities for the State of Georgia ("Commissioner") caused an investigation to be made into Norman Stacey ("Stacey") and Source Trade Exports, LLC ("Source Trade") (together, "Respondents") to determine whether Respondents had violated the Act or a rule adopted by the Commissioner thereunder ("Rules"). Following that investigation, the Commissioner issued Respondents a Proposed Order to Cease and Desist All Violations of Georgia Securities Act and Imposition of Civil Penalty and Notice of Opportunity for Hearing dated April 9, 2019 ("Proposed Order").

On April 30, 2019, Respondents timely requested a pre-hearing conference pursuant to Rule 590-4-6-.12. Respondents' request for a pre-hearing conference was duly accepted by the Commissioner, thereby tolling the thirty (30) day time period for requesting and setting any formal hearing before the Commissioner. Having considered information provided by Respondents and representations made by Respondents during the pre-hearing conference period, the Commissioner and Respondents hereby agree to the terms and conditions set forth herein.

CONSENT TO JURISDICTION AND WAIVER

1. Respondents consent to the jurisdiction of the Commissioner over Respondents and this matter pursuant to the Act.

2. Without Respondents admitting or denying the Findings of Fact and Conclusions of Law herein, Respondents and the Commissioner stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.

3. Respondents agree not to take any action or to make or permit to be made any public statements creating the impression that this Consent Order is without factual basis.

4. Respondents stipulate and agree with the Commissioner that should any facts herein prove to be false, the Commissioner reserves the right to pursue any and all legal or administrative remedies at his disposal.

5. Respondents, through the execution of this Consent Order, voluntarily waive their rights to a formal hearing on this matter and to judicial review of this Consent Order.

6. Respondents enter into this Consent Order voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commissioner or any member, officer, employee, agent, or representative of the Commissioner to induce Respondents to enter into this Consent Order.

FINDINGS OF FACT

7. Stacey is a Georgia resident and was the sole organizer of Source Trade. Source Trade was a domestic limited liability company formed on December 17, 2007 and registered with the Georgia Secretary of State's Corporations Division. Source Trade voluntarily underwent administrative dissolution on September 15, 2010. Source Trade continued to operate in Georgia as late as May 2011.

8. According to Source Trade's Joint Venture partner Agreements ("Agreements"), and the company's Terms of Equity Acquisition ("Pitch Materials"), Source Trade engaged in the business of brokering the trade and export of copper, scrap steel, oil and various other commodities between buyers and sellers.

9. In the Pitch Materials, Source Trade claimed to have a valuation of three million six hundred thousand dollars (\$3,600,000). This valuation was based on the following: "(1) the industry resources, processors and suppliers with which [Source Trade] ha[d] a commercial relationship and [was] positioned to facilitate the trade and export of copper, scrap steel, oil, and other commodities; (2) the good will of [Source Trade], its industry contacts, and pre-established contracts for fees, all of which represent a potential [three million six hundred thousand dollars

(\$3,600,000)] in annual sales with a potential for further growth; and (3) the industry experience and expertise of [Source Trade's] Founder and Managing Member, Norman Stacey, integral to the viability of [Source Trade's] scrap steel trading export business." Source Trade has never undergone an audit and the aforementioned valuation has never been substantiated by an independent auditor.

10. To invest in Source Trade, Stacey would have each investor sign the Agreement, which set forth the terms by which an investor could purchase ownership interests in Source Trade called "Certificate of Ownership Interest." Typically, Source Trade issued Certificate of Ownership Interests by the percent, meaning two (2) Certificates of Ownership Interest represented two percent (2%) ownership of Source Trade. In return, Source Trade would pay two percent (2%) of its gross revenues to an investor for every Certificate of Ownership Interest the investor purchased until the investor had recouped the investor's original investment.

11. From 2009 through 2013, Source Trade raised approximately three hundred thousand dollars (\$300,000.00) from at least ten (10) investors. Over the course of these five years, Stacey routinely sent emails claiming that Source Trade had contracts with several entities for either the purchase or sale of commodities, and that Source Trade would receive a large profit as a result. In fact, Source Trade never closed a single deal. None of the securities offered by Source Trade were registered with the Division pursuant to O.C.G.A. § 10-5-20.

12. Stacey led investors to believe that Source Trade used invested funds towards brokering commodity deals between buyers and sellers. In fact, the vast majority of investor funds went towards Stacey's personal expenses. On several occasions, Stacey told investors of a commodity deal that Source Trade wanted to broker, but to do so, Stacey needed more capital. This led investors to invest more with Stacey and Source Trade. For example, in emails dated March 7 and 8 2011 show Stacey solicited and accepted ten thousand dollars (\$10,000.00) to broker a cotton purchase.

13. Bank records show that Stacey never put these funds towards brokering cotton, but instead used the entire ten thousand dollars (\$10,000.00) on personal expenses. Further, bank records show that Stacey used over two hundred eighty thousand dollars (\$280,000.00) of the total investor funds on personal expenses. Stacey paid for all of these expenses through a Source Trade bank account.

14. Stacey asserts that his rights as managing member of Source Trade allowed him to use investor funds on personal expenses. In support of this assertion, Stacey provided the Division with a document titled "Operating Agreement". The Operating Agreement includes a clause that allows the managing member of Source Trade to use funds for "both business and personal 'lifestyle' expenses . . . without consent of the Company". The Operating Agreement, dated December 7, 2007, bears only Stacey's signature.

15. The Operating Agreement predates the first Source Trade investor by two (2) years. The Operating Agreement contains no countersignatures from any of Source Trade's ten (10) investors, and Source Trade's investors were not aware of the existence of the Operating Agreement. Further, the Agreements signed contain no incorporation clause or reference to the Operating Agreement of any kind. In fact, the Agreements directly contradict the validity of the Operating Agreement through an "Entire Agreement" clause, which states, "This Agreement, including all Appendices executed herewith, constitutes the *entire, final and complete agreement and understanding* of the Parties regarding the subject matter hereof, and *supersedes and replaces all prior written and oral agreements and understandings heretofore made or existing by and between Company and Partner.*"

16. Of the ten (10) Source Trade investors, only one (1) received seven thousand two hundred and fifty dollars (\$7,250.00) back. The remaining nine (9) investors never received any return on their investments and subsequently lost the entirety of their investments in Source Trade.

17. Based on representations made by Stacey, Stacey operated under the belief that the securities offered were legitimate, exempt from registration as securities, and that Stacey's use of Source Trade funds for personal expenditures were within Stacey's right as managing partner of Source Trade.

CONCLUSIONS OF LAW

18. Paragraphs 1 through 17 are incorporated by reference as though fully set forth herein.

19. The Commissioner has jurisdiction over this matter pursuant to the Act. *See* O.G.C.A. §§ 10-5-70 and 10-5-71.

20. Pursuant to O.C.G.A. § 10-5-73(a)(1) of the Act, if the Commissioner determines that a 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 Rules, the Commissioner may “[i]ssue an order directing the person to cease and desist from engaging in the act, practice, or course of business, or to take other action necessary or appropriate.”

21. Pursuant to O.C.G.A. § 10-5-2(20), the term issuer means a “person that issues or proposed to issue a security.”

22. Pursuant to O.C.G.A. § 10-5-2(31), the term securities means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; and includes an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor where common enterprise means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

23. Pursuant to O.C.G.A. § 10-5-20, “[i]t is unlawful for a person to offer or sell a security in this state unless: (1) [t]he security is a federal covered security; (2) [t]he security, transaction, or offer is exempted from registration under Code Sections 10-5-10 through 10-5-12; or (3) [t]he security is registered under this chapter.”

24. 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 material fact necessary in order to make the statement made, in the 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.”

ORDER

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

1. **NORMAN STACEY** immediately **CEASE AND DESIST** all violations of the Georgia Uniform Securities Act of 2008, as amended.

2. **NORMAN STACEY** is **BARRED** from issuing securities or raising capital in the State of Georgia.

3. **SOURCE TRADE EXPORTS, LLC** immediately **CEASE AND DESIST** all violations of the Georgia Uniform Securities Act of 2008, as amended.

4. **SOURCE TRADE EXPORTS, LLC** is **BARRED** from issuing securities or raising capital in the State of Georgia.

The entry of this Consent 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 the Respondents 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. If at any time it appears to the Commissioner that Respondents have failed to comply with this Consent Order or has made any other material misrepresentations or omissions in regards to this matter, the Commissioner may take further action.

SO ORDERED this 8th day of January, 2020.

BRAD RAFFENSPERGER
SECRETARY OF STATE
COMMISSIONER OF SECURITIES

By:



C. Ryan Germany
Assistant Commissioner of Securities

CONSENT OF ENTRY OF CONSENT ORDER BY NORMAN STACEY AND SOURCE TRADE EXPORTS, LLC.

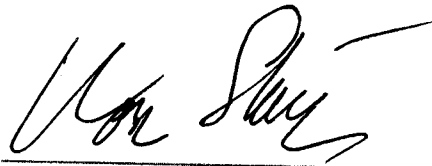
Norman Stacey and Source Trade Exports, LLC ("Respondents") hereby acknowledges that they have been served with a copy of this Consent Order, have read the foregoing Consent Order, are aware of their rights to a hearing and appeal in this matter, and have waived the same.

Respondents admit the jurisdiction of the Georgia Commissioner of Securities and consent to entry of this Consent Order as settlement of the issues contained in this Consent Order.

Respondents agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any administrative monetary penalty that Respondent shall pay pursuant to this Consent Order.

Respondents states that no promise of any kind or nature whatsoever was made to them to induce them to enter into this Consent Order and that they have entered in this Consent Order voluntarily.

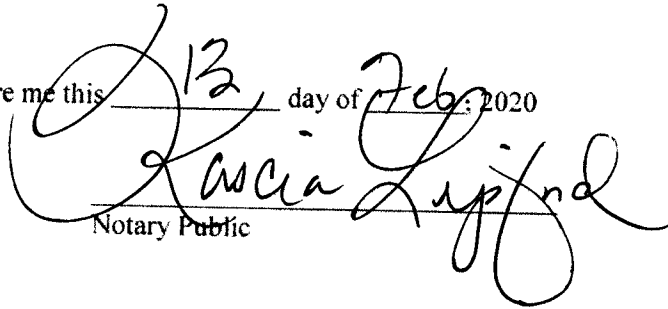
Dated this 12 day of Feb., 2019



BY: Norman Stacey
TITLE: CEO of Source Trade Exports, LLC

State of Georgia
County of Douglas

SUBSCRIBED AND SWORN TO before me this 12 day of Feb. 2020



Notary Public

My commission expires:

