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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
LICENSING, COMPLIANCE AND
ENFORCEMENT

DOCKET NO. 13 0027 (SEC) ~~CFD~~

v.

LVG HOLDING #1255, LLC
THE LEONARD VINCENT GROUP
BRIAN HUDLIN

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Licensing, Compliance and Enforcement ("Bureau") issued a Summary Order to Cease and Desist on March 21, 2013 against LVG Holding #1255, LLC ("LVG Holding"), The Leonard Vincent Group ("TLVG") and Brian Hudlin ("Hudlin") (collectively, "Respondents") pursuant to Section 606(c.1) of the Pennsylvania Securities Act of 1972 (1972 Act), 70 P.S. § 1-606(c.1) wherein the Bureau found that the Respondents violated certain provisions of the 1972 Act in connection with the offer of securities in the Commonwealth of Pennsylvania. Respondents, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. LVG Holding was, at all times material herein, an entity with addresses at 3500 Sunrise Highway, Suite T111, Great River, New York, 11739 and 14 Wall Street, 20th Floor, New York, New York 10005. At all times material herein, LVG Holding was offering for sale limited liability company membership units (“Interests”) in LVG Holding.

4. TLVG was, at all times material herein, an entity with addresses at 3500 Sunrise Highway, Suite T111, Great River, New York 11739 and 14 Wall Street, 20th Floor, New York, New York 10005. At all times material herein, TLVG was a manager of LVG Holding.

5. Hudlin was, at all times material herein, an individual with addresses at 3500 Sunrise Highway, Suite T111, Great River, New York 11739 and 14 Wall Street, 20th Floor, New York, New York 10005. At all times material herein, Hudlin was the CEO of LVG Holding and TLVG.

6. In or about February and March 2013, a representative (“Representative”) of TLVG cold-called at least one Pennsylvania resident (“PA Resident”) and offered the Interests for sale. The Representative stated:

- a. Additional features were added to the Interests to make it a better investment;
- b. Investors in the Interests would receive 5% in the first year if they redeemed and 10% in the second year;
- c. “We [LVG Holding] are up 60% since we started”;
- d. He [the Representative] was just in Connecticut looking at property that TLVG was going to buy for the “portfolio” that was returning \$44,000 annually in rent;
- e. “We [TLVG] have dozens of properties in our portfolio”;

f. For a \$25,000 investment in the Interests an investor would receive an “immediate increase of 62%”; and

g. The PA Resident would also receive 2500 “gift shares” [Interests] by investing \$25,000 in the Interests.

7. In or about February 2013, the Representative sent offering materials (Materials) to the PA Resident, which included, among other things, a Confidential Private Offering Memorandum and a Subscription Agreement. The Materials state:

a. LVG Holding was offering 500,000 Membership Units [Interests] at \$10 per Unit [Interest];

b. The majority member is TLVG;

c. “The business and affairs of the Company [LVG Holding] shall be managed by its Managers. The Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company [LVG Holding], to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company’s [LVG Holding] business”; and

d. “Proceeds from the sale of the Units [Interests] will be used to: Purchase properties by way of foreclosure, short sale, direct seller or any other such method the company deems necessary in acquiring quality discounted real estate investments, to maximize annual income, while keeping enough liquid assets to aggressively purchase quality real estate.”

8. The PA Resident had no substantive, pre-existing relationship with LVG Holding, TLVG, or with Hudlin.

9. The PA Resident was not an accredited investor under Rule 501 of Regulation D, and did not have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the investment.

10. The Materials provided to the PA Resident already indicated that the PA Resident's net worth was in excess of \$1 million. When the PA Resident asked the Representative what net worth meant, the Representative told the PA Resident "you don't have to" know what it means because "it doesn't matter."

11. The Interests described above are "securities" within the meaning of Section 102(t) of the Pennsylvania Securities Act of 1972 (1972 Act), 70 P.S. § 1-102(t).

12. LVG Holding is the "issuer" of the Interests described above within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

13. TLVG is an "affiliate" of LVG Holding within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused LVG Holding to commit the herein stated acts which violate and are about to violate the 1972 Act.

14. Hudlin acted as an "affiliate" of LVG Holding within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused LVG Holding to commit the herein stated acts which violate and are about to violate the 1972 Act.

15. Hudlin acted as an "affiliate" of TLVG within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused TLVG to commit the herein stated acts which violate and are about to violate the 1972 Act.

16. The records of the Department disclose that the Interests are (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; and (c) not federally covered securities; and further

the securities transactions relating to the Interests are not exempt under Section 203 of the 1972 Act, 70 P.S. § 1-203.

17. The Respondents sold the Interests to two (2) PA Residents.

VIOLATIONS

18. By engaging in the acts and conduct set forth in paragraphs 3 through 17 above, the Department finds that Respondents offered for sale the Interests in Pennsylvania in violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

18. After due deliberation, the Department finds that it is necessary and appropriate, in the public interest, for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue the following Order:

RELIEF

19. The Summary Order to Cease and Desist issued on March 21, 2013 against Respondents is hereby prospectively RESCINDED.

20. Respondents are ORDERED, jointly and severally, to pay the Department investigative and legal costs in the amount of \$2,500 contemporaneously with the submission of an executed offer of settlement. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered in person to the Bureau of Securities, Licensing, Compliance and Enforcement, located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

21. Respondents are ORDERED, jointly and severally, to pay the Department an assessment in the amount of \$5,000 contemporaneously with the submission of an executed offer of settlement. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered in person to the Bureau

of Securities, Licensing, Compliance and Enforcement, located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

22. The Department acknowledges the representations of Respondents as set forth in Exhibit A, which is a non-public document appended to this Order and Respondents are ORDERED to comply with the representations set forth therein.

23. Should Respondents fail to pay the costs and assessment set forth in paragraphs 20 and 21 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording the Respondents the option of either paying the costs and assessment or being indefinitely subjected to the sanctions.

24. Respondents are ORDERED to comply with the 1972 Act and with the regulations adopted by the Department, in particular, Section 201 thereof.

25. Should Respondents fail to comply with any and all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to the Respondents' right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

26. Consent. LVG Holding, TLVG and Hudlin hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. LVG Holding, TLVG and Hudlin, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

27. Entire Agreement. This Order contains the entire agreement between the Department and LVG Holding, TLVG and Hudlin. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and LVG Holding, TLVG and Hudlin.

28. Binding Nature. The Department, LVG Holding, TLVG and Hudlin, and all officers, owners, directors, employees, heirs and assigns of LVG Holding, TLVG and Hudlin intend to be and are legally bound by the terms of this Order.

29. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

30. Effectiveness. LVG Holding, TLVG and Hudlin hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order (“Effective Date”).

31. Other Enforcement Action.

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against LVG Holding, TLVG and Hudlin in the future regarding all matters not resolved by this Order.

b. LVG Holding, TLVG and Hudlin acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

32. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

33. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

34. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

35. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Licensing, Compliance and Examinations and LVG Holding #1255, LLC, The Leonard Vincent Group and Brian Hudlin, intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES, LICENSING, COMPLIANCE AND EXAMINATIONS**

~~James Klutinoty~~, Chief, Western Region
Bureau of Securities Licensing, Compliance and Examinations

Date: 10/21/14



FOR LVG Holding #1255, LLC

Date: _____

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**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES, LICENSING, COMPLIANCE AND ENFORCEMENT**

Victoria A. Reider
Executive Deputy Secretary of Banking and Securities

Date: 09/18/14

FOR LVG Holding #1255, LLC

Date: 09/18/14

FOR The Leonard Vincent Group

Date: 09/18/14

FOR Brian Hudlin

Date: 09/18/14

