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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  
COMPLIANCE AND EXAMINATIONS

DOCKET No. 160001 (SEC-CAO)

v.

BARRY D. GIBBS  
GGH GROUP HOLDINGS, INC.  
PLASTIE, LLC

**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Compliance and Examinations ("Bureau") has conducted an investigation of the business practices of Barry D. Gibbs ("Gibbs"); Gibbs Group Holdings, Inc. ("GGH"); and PlasTie, LLC ("PlasTie") (hereinafter, collectively known as "the Respondents"). Based upon the results of its investigation, the Bureau has concluded that Gibbs has engaged in certain activities in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. ("1972 Act"). The Respondents in lieu of litigation, and neither admitting nor denying the allegations herein, and intending to be legally bound, hereby agree 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. At all times material herein, Gibbs operated a Pennsylvania corporation, GGH, which had a business address of 5420 Dyke Street, Pittsburgh, PA 15207.

4. At all times material herein, Gibbs also operated PlasTie, a Pennsylvania limited liability company. At all times material herein, PlasTie had a business address of 5420 Dyke Street, Pittsburgh, PA 15207 and was a company “established to market, sell, manufacture, and supply plastic-encapsulated railroad ties.”

5. At all times material herein, GGH purports to have owned sixty (60%) percent of PlasTie. At all times material herein, GGH was doing business as PlasTie.

6. At all times material herein, Gibbs was the “President” of GGH and solely “controlled” GGH, as that term is defined by Section 102(g) of the 1972 Act, 70 P.S. § 1-102(g). At all times material herein, Gibbs also “controlled” PlasTie.

7. At all times material herein, Gibbs also was a “promotor” and an “affiliate” of GGH as those terms are defined by Sections 102(o) and (b) of the 1972 Act, 70 P.S. §§ 1-102(o) and (b).

8. At all times material herein, Gibbs was “offering” and “selling” shares of Class “A” Common Stock (“Stock”) in GGH, as those terms are defined in Sections 102(r)(ii) and (r)(i) of the 1972 Act, 70 P.S. §§ 1-102(r)(ii) and (r)(i). At all times material herein, the Stock constitutes “securities” as that term is defined by Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

9. At all times material herein, GGH was the “issuer” of the Stock, as that term is defined by Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

10. In or about 2012, Gibbs was “offering” and “selling” the Stock through a subscription agreement in a securities offering. The securities offering was/is for a minimum of

three shares of Stock for sale and a maximum of three hundred (300) shares of Stock for sale and at a price of \$7,500 per share of Stock.

11. In or about 2016, the Department received a consumer complaint (“Complaint”) from a Pennsylvania resident (“PA Investor”) who was “offered” and “sold” the Stock in GGH by Gibbs in 2012.

12. The Complaint stated the following:

- (a) In or about 2012, the PA Investor met Gibbs at a social function;
- (b) Gibbs “offered” and “sold” the Stock to the PA Investor in June 2012 and December 2012 for a total investment of \$30,000;
- (c) Gibbs continued to ask the PA Investor to invest more money and to purchase more shares of Stock subsequent to the initial solicitations and sales of the Stock in 2012;
- (d) Gibbs also asked the PA Investor to locate other investors for GGH and/or other sources of capital funding for GGH;
- (e) Gibbs never put the funds from the PA Investor into GGH and/or PlasTie and towards producing the railroad tie product; and
- (f) The PA Investor wants his/her/its investment(s) in the Stock returned.

13. In or about April 2016, the Bureau opened and conducted an investigation regarding the conduct of the Respondents (“Investigation”).

14. In or about June 2016, during the Investigation, Bureau staff (“Staff”) interviewed Gibbs. Gibbs told Staff during this interview that:

- (a) GGH has had between 78-80 investors who invested between the years of 2006 – 2013;

- (b) Several Pennsylvania residents own the Stock;
  - (c) The Stock has increased in value from 2006 to 2013 from \$75 to \$7,500 per share;
  - (d) Gibbs has worked to further the business of GGH and PlasTie;
  - (e) Some investment proceeds and funds from the Stock were used by Gibbs to pay for his own personal living expenses during the past three years;
  - (f) Gibbs is the “control” person for GGH and PlasTie;
  - (g) No PlasTie product has been manufactured since 2010; and
  - (h) One initial batch of production of PlasTie product occurred before 2010.
15. The Investigation also established the following information:
- (a) Gibbs could not provide Staff with corporate records for GGH and/or PlasTie regarding business operations including, but not limited to, financial records, tax returns, and proof of the use of investor funds;
  - (b) GGH and PlasTie have been non-operational from 2010 to the present;
  - (c) In light of GGH being non-operational since 2010, there is no reasonable basis for the price of the Stock to have increased from \$75 per share (as it was offered and sold by Gibbs in 2006) to \$7,500 per share (as it was offered and sold by Gibbs in 2012);
  - (d) The GGH offering materials provided to the PA Investor by Gibbs in 2012, stated that “as of 2010, 1000 PlasTies a day or 300,000 a year” were to be produced by GGH; GGH was “producing PlasTies”; and “[o]ur production line produces 1000 PlasTie a 24 hour day”;
  - (e) The Board of Directors for GGH has not met since 2013;

- (f) Despite the non-operational nature of GGH and PlasTie, in 2014, Gibbs has continued to “offer” the Stock in Pennsylvania; and
- (g) There has been no shareholder meeting for GGH since 2009 nor have shareholders been kept current with regard to the operations of GGH and/or PlasTie since that time.

16. The Investigation also established additional information regarding the PA Investor’s investment in the Stock. In or about 2014 – 2016, Gibbs continually and repeatedly promised that the PA Investor’s investment would be returned despite Gibbs having no reasonable basis in fact for stating so.

17. At all times material herein, Gibbs has not returned the funds invested in the Stock to the PA Investor.

18. At all times material herein, the Stock was not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; and not federally covered securities; and further, the securities transactions relating to the Stock were not exempt from registration under Section 203 of the 1972 Act, 70 P.S. § 1-203.

19. Gibbs failed to produce to Staff during its Investigation certain required records, report on sales of securities and use of proceeds for GGH and/or PlasTie although GGH is required to have preserved such records during the period of the offering and for a period of three years following the last sale of securities in the Commonwealth or one year after the disposition of all proceeds, whichever is longer. *See* Regulation 209.010 as promulgated under Section 209 of the 1972 Act, 10 Pa. Code § 1-209.010.

## VIOLATIONS

20. By engaging in the acts and conduct set forth in paragraphs 3 through 19 above, Gibbs, GGH, and PlasTie offered and sold unregistered securities to Pennsylvania residents in willful violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

21. By engaging in the acts and conduct set forth in paragraphs 3 through 19 above, GGH failed to preserve certain required financial records, reports on sales of securities and uses of proceeds of a securities offering in violation of Regulation 209.010 as promulgated under Section 209 of the 1972 Act, 10 Pa. Code § 1-209.010.

22. By engaging in the acts and conduct set forth in paragraphs 3 through 19 above, Gibbs, GGH, and PlasTie in connection with the offers and sales of securities in Pennsylvania, made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

23. By engaging in the acts and conduct set forth in paragraphs 3 through 19 above, Gibbs, GGH, and PlasTie in connection with the offers, sales or purchases of securities in Pennsylvania, engaged in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person in willful violation of Section 401(c) of the 1972 Act, 70 P.S. § 1-401(c).

## AUTHORITY

24. Because Gibbs, GGH, and PlasTie, in connection with the “offers” and “sales” of “securities” in Pennsylvania, have violated Sections 201, 401(b) and (c) of the 1972 Act, 70 P.S. §§ 1-201, 401(b) and (c), the Department may permanently bar the Respondents pursuant to Section 512 of the 1972 Act, 70 P.S. §1-512.

## RELIEF

25. Pursuant to Sections 512(a)(1), (2), (3), (4) and (5) of the 1972 Act, 70 P.S. § 1-512(a)(1), (2), (3), (4), and (5), Barry D. Gibbs; GGH Holdings, Inc.; and PlasTie, LLC are PERMANENTLY BARRED from the date of this order from:

- a. Representing an issuer offering or selling securities in this State;
- b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;
- c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
- d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or
- e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

26. Barry D. Gibbs; GGH Holding, Inc.; and/or PlasTie, LLC are ORDERED, to comply with the 1972 Act, and Regulations as promulgated by the Department, and in particular Sections 201, 401(b) and (c).

27. Barry D. Gibbs; GGH Holding, Inc.; and PlasTie, LLC are ORDERED, to comply with the 1972 Act, and Regulations as promulgated by the Department, in particular Regulation 209.010, 10 Pa. Code § 1-209.010.

28. Should Barry D. Gibbs; GGH Holding, Inc.; and/or PlasTie, LLC fail to comply with any and/or all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to their right to a hearing pursuant to the 1972 Act.

### FURTHER PROVISIONS

29. Consent. Gibbs, GGH, and PlasTie hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that he/they understand all of the terms and conditions contained herein. Gibbs, GGH, and PlasTie, by voluntarily entering into this Order, waive any rights to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

30. Entire Agreement. This Order contains the entire agreement between the Department and Gibbs, GGH, and PlasTie. 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 Gibbs, GGH, and/or PlasTie.

31. Binding Nature. The Department, and Gibbs, GGH, and PlasTie and all officers, owners, directors, employees, heirs and assigns of Gibbs, GGH, and PlasTie intend to be and are legally bound by the terms of this Order.

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

33. Effectiveness. Gibbs, GGH, and PlasTie hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

34. 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 Gibbs, GGH, and PlasTie in the future regarding all matters not resolved by this Order.
- (b) Gibbs, GGH, and PlasTie 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.

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

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

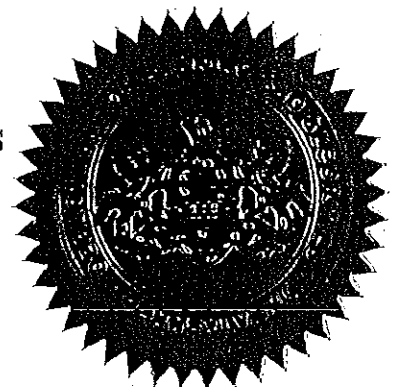
37. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

38. 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 Compliance and Examinations and Barry D. Gibbs; GGH Holdings, Inc.; and PlasTie, LLC 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 COMPLIANCE AND EXAMINATIONS**

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Joseph J. Minisi  
Deputy Secretary of Securities

Date: 11/7/16

**FOR BARRY D. GIBBS**

Redacted \_\_\_\_\_

Barry D. Gibbs

Date: 11-2-16

**FOR GIBBS GROUP HOLDINGS, INC.**

Redacted \_\_\_\_\_

Title Pres

Date: 11-2-16

**FOR PLASTIE, LLC**

Redacted \_\_\_\_\_

Title Manager

Date: 11-2-16