

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

v.

LOUIS P. PEKTOR III

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: OSC
: Docket No. : 210084 (SEC-~~CAO~~)
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CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Compliance and Examinations ("Bureau"), has conducted an investigation of the business practices of Louis P. Pektor III ("Pektor"). Based on the results of its investigation, the Bureau has concluded that Pektor has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 *et seq.* ("1972 Act"). Pektor, in lieu of litigation, and without admitting or denying the allegations contained herein, and intending to be legally bound, hereby agrees to the entry 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. Pektor (CRD #359436) was, at all times material herein, an individual with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018.

4. Pektor was, at all times material herein:
 - a. The president and treasurer of Ashley Development Corporation (“Ashley”), a Pennsylvania corporation with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018;
 - b. The managing member of Wrenfield Properties GP, LLC, which is the general partner of Wrenfield Properties, L.P. (“Wrenfield”), a Pennsylvania limited partnership with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018;
 - c. The president and treasurer of Greystone Capital, Inc. (“Greystone”), a Pennsylvania corporation with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018;
 - d. The executor, on behalf of general partner 30 North Fourth GP, LLC, of the certificate of limited partnership for 30 North Fourth, L.P. (“30 North Fourth”), a Pennsylvania limited partnership with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018;
 - e. The sole organizer of Sullivan Parke, LLC (“Sullivan Parke”), a Delaware limited liability company with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018;
 - f. The incorporator of LVP Development Corporation (“LVP Development”), a Pennsylvania corporation with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018;

- g. An organizer of Primrose Glen, LLC (“Primrose Glen”), a Pennsylvania limited liability company with addresses at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018 and 7171 Airport Road, Bath, Pennsylvania 18014; and
- h. The president of Polk Street Development Group, Inc., which is the general partner of Polk Street Development Associates, L.P. (“Polk Street”), a Delaware limited partnership with an address at 559 Main Street, Suite 300, Bethlehem, Pennsylvania 18018.

5. At all times material herein, Pektor, through himself and through Ashley, Wrenfield, Greystone, 30 North Fourth, Sullivan Parke, LVP Development, Primrose Glen, and Polk Street (collectively, “Pektor Entities”), offered for sale promissory notes (“Notes”).

6. From in or about July 2013 through July 2020, Pektor, individually and through the Petkor Entities, offered and sold at least 59 Notes to at least 34 investors (“Investors”) for an aggregate amount of at least \$7,272,275.

7. From in or about July 2013 through April 2020, Pektor, individually and through the Petkor Entities, offered and sold at least 42 Notes to at least 25 Pennsylvania residents for an aggregate amount of at least \$5,841,500.

8. The Notes are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

9. Pektor is the “issuer” of the Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

10. The Notes were: (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; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. § 1-211; and, further, the

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

11. In connection with offer and sale of the Notes, Pektor failed to disclose the following information concerning Pektor and the Pektor Entities to some or all of the Investors:

- a. The financial condition of Pektor and the Pektor Entities;
- b. The financial risk of the Notes;
- c. The identity and relevant background of the corporate officers of Pektor and the Pektor Entities;
- d. Pektor's and the Pektor Entities' operating history; and
- e. Judgments and liens filed against Pektor and the Pektor Entities, from October 1994 to July 2019.

VIOLATION

12. By engaging in the acts and conduct set forth in paragraphs 3 through 10 above, Pektor offered and sold the Notes to Pennsylvania residents in violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

13. By engaging in the acts and conduct set forth in paragraphs 3 through 11 above, Pektor, in connection with the offer and sale of the Notes, omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in wilful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

RELIEF

14. Pektor shall pay the Department an administrative assessment in the amount of \$800,000.00. 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 Compliance and Examinations located at 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

15. The administrative assessment shall be paid as follows:

- a. \$75,000.00 on or before May 1, 2022;
- b. \$75,000.00 on or before August 1, 2022;
- c. \$75,000.00 on or before November 1, 2022;
- d. \$75,000.00 on or before February 1, 2023;
- e. \$125,000.00 on or before May 1, 2023;
- f. \$125,000.00 on or before August 1, 2023;
- g. \$125,000.00 on or before November 1, 2023; and
- h. \$125,000.00 on or before February 1, 2024.

16. Pektor is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Sections 201 and 401(b) of the 1972 Act, 70 P.S. §§ 1-201, 1-401(b).

17. Should Pektor fail to pay the administrative assessment as set forth in paragraphs 14 and 15 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 Pektor the option of either paying the assessment or being indefinitely subject to the sanctions.

18. Should Pektor 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 Pektor’s right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

19. Consent. Pektor 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 he understands all of the terms and conditions contained herein. Pektor, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

20. Entire Agreement. This Order contains the entire agreement between the Department and Pektor. 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 Pektor.

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

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

23. Effectiveness. Pektor hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order.

24. 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 Pektor in the future regarding all matters not resolved by this Order.

b. Pektor acknowledges and agrees 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.

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

26. Counterparts. This Order may be executed in separate counterparts, by facsimile and/or by PDF.

27. 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.

28. 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 Louis P. Pektor III, 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**

Redacted
Eric Pistilli, Deputy Secretary for Securities

Date: 03/07/2022

LOUIS P. PEKTOR III



Redacted

(Signature) 

Date: 3/4/2022