

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2021-AH-0002



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

JOHN WRIGHT, and
REMOTE MOWERS, LLC

RESPONDENTS

EMERGENCY CEASE AND DESIST ORDER

Comes now the Department of Financial Institutions (DFI, or the "Department"), pursuant to Kentucky Revised Statute (KRS) 292.470, KRS 292.500, and 808 Kentucky Administrative Regulation (KAR) 10:225, and hereby enters this **Emergency Cease and Desist Order** against John Wright and Remote Mowers, LLC ("Respondents"). In support thereof, DFI states as follows:

PARTIES

1. The Commissioner is responsible for administering the provisions of KRS Chapter 292, the Securities Act of Kentucky ("the Act"), as well as any applicable rules, regulations and orders entered pursuant to the Act.

2. Remote Mowers, LLC ("Remote Mowers", or the "Company") was a Mississippi Limited Liability Company, with a principal address of 216 Substation Road, New Albany, Mississippi 38652. Remote Mowers was dissolved effective March 8, 2017. The registered agent for service of process for Remote Mowers is John Wright, at the same address.

3. John Wright ("Wright") is a resident of Mississippi, and the sole member and officer of Remote Mowers. Mr. Wright's address is 423 Tate Avenue, New Albany, Mississippi 38652.

STATEMENT OF FACTS

4. After receiving a complaint from a Kentucky resident who had invested in Respondents' business, the Department initiated an investigation into Respondents' securities-related activities.

5. The Department's investigation revealed that Wright, acting on behalf of Remote Mowers, solicited investments in the Company's business through direct communications with Kentucky residents. At least one Kentucky resident invested in Remote Mowers, pursuant to Respondents' solicitation, through a promissory note issued by Respondents.

6. Additionally, since at least August 2018 through the date of this filing, Respondents have maintained a website at <http://www.remotemowers.com> which solicits investments to support the production, delivery, and sale of remotely controlled mowers. These investments were structured as "sponsoring a mower", and were offered in three tiers, ranging from entry-level investments (sponsoring a single mower), to large-scale investments (sponsoring 20-100 mowers). Once the sponsored mowers were successfully sold, the proceeds of the sale were to revert to the sponsoring investor.

7. In advertising these investments, Respondents' website included statements such as "this is about as risk-free as it gets," and "put half a million dollars in your pocket within 6-8 months."

8. An examination of the Company's financial records by the Department has revealed that Respondents did not spend their investors' money as advertised. Instead, Wright spent the majority of the money he received through the Company on personal expenses such as at casinos, retail establishments, and on payments to debt-collection services. At no point did

Respondents provide offering documents or other disclosures to their investors indicating that investments in the Company would be used for Wright's personal benefit or enjoyment.

9. In August 2018, Wright, through Remote Mowers' accounts, spent approximately thirty-five thousand dollars (\$35,000) at a casino in Tunica; withdrew approximately forty-six thousand dollars (\$46,000) in commercial cash; and spent approximately five thousand dollars (\$5,000) on probable business expenses.

10. In September 2018, Wright, through Remote Mowers' accounts, spent approximately twenty thousand dollars (\$20,000) at a casino in Tunica; withdrew approximately six thousand and five hundred dollars (\$6,500) in commercial cash; and spent approximated six thousand and five hundred dollars (\$6,500) on potential business expenses.

11. In October 2018, Wright, through Remote Mowers' accounts, spent approximately fifteen thousand dollars (\$15,000) at a casino in Tunica; withdrew approximately twenty-five thousand dollars (\$25,000) in commercial cash; and spent approximately one thousand and two hundred dollars (\$1,200) on potential business expenses.

12. According to statements received from Kentucky residents, a number of the Company's investors have received neither any money nor any mowers from Respondents.

13. At no point have Respondents been registered with the Department in any capacity, nor have Respondents ever sought to register any securities with the Department. From the Department's investigation, neither Respondents nor the securities at issue appear to be entitled to any registration exemptions.

STATUTORY AUTHORITY

14. KRS 292.310(19) defines a "security," in relevant part, as:

"any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement,

collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, life settlement investment, voting-trust certificate, certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; or, in general, any interest or instrument commonly known as a "security."

15. Pursuant to KRS 292.320(1), it is "unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

- (a) To employ any device, scheme, or artifice to defraud;
- (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person."

16. KRS 292.340 makes it "unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security."

17. Under KRS 292.470, "[w]henver it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter, the commissioner may in his or her discretion:

Issue a cease and desist order, with or without a prior hearing, appealable to Franklin Circuit Court, against the person or persons engaged in the prohibited activities directing that person or persons to cease and desist from illegal activity. In order to issue an order without prior hearing, the commissioner must find that the delay in issuing a final cease and desist order will cause harm to the public. "

FINDINGS OF FACT AND CONCLUSIONS OF LAW

18. Based on the facts set forth above, Respondents offered unregistered securities in Kentucky through electronic solicitations and direct communications with investors, in violation

of the Act. These securities were not registered with the Department as required, and do not qualify for an exemption from registration.

19. By reason of the foregoing, Respondents have violated the Act and, unless enjoined, will continue to violate the law.

20. The emergency nature of this Order is required as the delay in issuing a final cease and desist order in this case would cause direct harm to the public.

Violation of KRS 292.320

21. Pursuant to KRS 292.320(1), “[i]t is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

(a) To employ any device, scheme, or artifice to defraud;

(b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or

(c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.”

22. As described above, Respondents have made material misrepresentations and omitted material facts in connection with the sale of securities, and have engaged in a course of business which would and has operated as a fraud upon their investors. Such actions constitute a clear violation of KRS 292.20(1).

23. Unless enjoined, it is clear that Respondents will continue to violate the law.

Violation of KRS 292.340

24. Per KRS 292.340, it is unlawful for any person to solicit or sell securities in Kentucky without first being registered with the Department to do so.

25. By operating a publicly available website, and through direct communications with Kentucky investors, Respondents have solicited and sold securities in Kentucky.

26. The Department's records show that Respondents have never been registered with the Department, nor have they ever sought registration.

27. Neither Respondents nor the securities they sold qualify for an exemption from registration.

28. Therefore Respondents have violated KRS 292.340 by soliciting and selling securities in Kentucky without being appropriately registered to do so.

29. Unless enjoined, it is clear that Respondents will continue to violated the law.

ORDER

In light of the foregoing, IT IS HEREBY ORDERED that:

1. Respondents John Wright and Remote Mowers, LLC, shall **CEASE AND DESIST** from soliciting or selling any security in Kentucky unless that security is registered with the Department pursuant to KRS 292.340;

2. Respondents John Wright and Remote Mowers, LLC, shall **CEASE AND DESIST** from any and all activity which would constitute a violation of KRS 292.320; and

3. Respondents John Wright and Remote Mowers, LLC, shall **CEASE AND DESIST** from any and all activity which would otherwise violate the Act.

IT IS SO ORDERED on this the day of , 2021.

**Charles
A. Vice**

Digitally signed by: Charles A.

Vice

DN: CN = Charles A. Vice email =

Charles.Vice@ky.gov C = US O

= KY DFI OU = Commissioner's

Office

Date: 2021.02.05 13:13:57 -05'00'

/s/ Charles A. Vice

CHARLES A. VICE, COMMISSIONER
Department of Financial Institutions
500 Mero Street, Frankfort, Kentucky 40601

NOTICE TO RESPONDENTS

You are hereby notified that you are entitled to request an emergency hearing. If requested, an administrative hearing shall be held within 10 (ten) days pursuant to the provisions of KRS Chapter 13B.125. Please submit any request for hearing, in writing, to Stuart D. Michael, Staff Attorney, Kentucky Department of Financial Institutions, 500 Mero Street 2 SW 19, Frankfort, Kentucky 40601.

Certificate of Service

I, Allison Reed, hereby certify that a copy of the foregoing Emergency Cease and Desist Order was sent on this the 9th day of February, 2021, by certified mail, return receipt requested, to the following:

Remote Mowers, LLC
423 Tate Avenue
New Albany, Mississippi 38652

Remote Mowers, LLC
216 Substation Road
New Albany, Mississippi 38652

John Wright
423 Tate Avenue
New Albany, Mississippi 38652

And by hand delivery to:

Stuart D. Michael, Staff Attorney
Department of Financial Institutions
500 Mero Street, 2 SW 19
Frankfort, KY 40601

Allison Reed
Department of Financial Institutions

Name: Allison Reed

Title: Executive Staff Advisor