



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2019—AH—00043

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

FAME ROUTE, LLC; GILBERT PETER; and
BRADLEY C. TILFORD

RESPONDENTS

RECITALS

WHEREAS, the Kentucky Department of Financial Institutions (“DFI,” or the “Department”), after receiving information and pursuant to authority granted in Kentucky Revised Statutes (KRS) Chapter 292, the Securities Act of Kentucky (the “Act”), initiated an investigation into certain activities of Fame Route, LLC (“Fame Route” or the “Company”), Bradley C. Tilford (“Tilford”), and Gilbert Peter (“Peter”) (collectively, the “Respondents”), as described in more detail herein; and

WHEREAS, in connection with its investigation, the Department preliminarily determined certain acts of the Respondents constituted violations of the Act; and

WHEREAS, the Respondents, without admitting or denying the Department’s determination, acknowledge their desire to resolve this matter by Agreed Order;

NOW, THEREFORE, the Respondent expressly consents and agrees to the terms and conditions of this Agreed Order set forth below.

PARTIES

1. DFI is responsible for administering the provisions of Kentucky Revised Statutes (KRS) Chapter 292, the Securities Act of Kentucky (the “Act”), as well as the rules and regulations enacted thereunder.

2. Fame Route was a manager-managed Kentucky limited liability company, and was administratively dissolved by the Kentucky Secretary of State's Office on September 11, 2012. Prior to its dissolution, Fame Route maintained a registered office at 312 Walnut Street, Suite 1151, Cincinnati, OH 45202. Fame Route's registered agent was Tilford, whose registered address was 2333 Alexandria Drive, Lexington, KY 40504.

3. Peter was the first of two managing members for Fame Route, and was primarily responsible for sales and raising additional capital. Peter's last known address is 9126 Northwest 66th Lane, Parkland, FL 33067.

4. Tilford was the second of two managing members for Fame Route, and was responsible for overseeing the day-to-day operations of the business. Tilford's last known addresses are 312 Walnut Street, Suite 1140, Cincinnati, Ohio 45202, and 700 Bourbon Street, Georgetown, KY 40324.

5. At all relevant times for the facts discussed herein, Fame Route was controlled either primarily or exclusively by Peter and Tilford.

STATEMENT OF FACTS

6. On August 5, 2015, DFI received a complaint from an individual ("NM") regarding Respondents' investment-related activities. Pursuant to this complaint, DFI conducted an investigation, through which DFI preliminarily determined the facts underlying allegations herein and discovered additional facts pertinent to this action.

7. Fame Route was organized on September 9, 2008 and had secured its first investors by early 2009. From 2009 through its administrative dissolution in 2012, Fame Route continued to solicit investors, including Kentucky residents. Ultimately, Fame Route secured approximately twenty-two (22) investors, and received investments in excess of one million and six hundred thousand dollars (\$1,600,000). These investors primarily consisted of individuals that Peter or

Tilford knew from past business or personal activities, and referrals to them from other business associates.

8. On July 22, 2009, Fame Route filed a Form D Notice of Exempt Offering of Securities under Rule 506 with the Securities and Exchange Commission and DFI.

9. In 2009, Peter told NM about "an amazing opportunity to invest in his company, Fame Route LLC." Later that year, NM invested three hundred and fifty thousand dollars (\$350,000) with Fame Route by wire transfer. This investment represented a purchase of thirty-five shares of stock in Fame Route.

10. NM lost almost all of her investment, and ultimately filed a consumer complaint as indicated above.

11. Fame Route's bank records also showed that between 2009 and 2012, four checks totaling forty-thousand dollars (\$40,000) each were written to "Thurbert Baker for Governor." The checks were returned for insufficient funds and were not paid; however, none of Fame Route's offering documents or other disclosures specifically stated that investor funds may be used for contributions to political campaigns.

STATUTORY AUTHORITY

12. 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."

13. Under KRS 292.340, it "is 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."

14. However, 808 KAR 10:210 provides in part that:

Section 1. (1) Pursuant to KRS 292.410(1)(q), an offer or sale of a security offered or sold in compliance with 17 C.F.R. 230.504 or 230.505, or an offer or sale made exempt by 17 C.F.R. 230.508(a) shall be exempt from KRS 292.340 to 292.390 if the offer or sale meets the requirements established in subsections (3) and (4) of this section.

...

(3) The exemption established in subsection (1) of this section shall apply if:

...

(d) 1. An issuer selling a security in reliance on this exemption furnishes written information to a prospective investor to comply with the antifraud provisions of KRS Chapter 292 and applicable federal law.

15. KRS 292.470 states in part that: "Whenever 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 bring any or all of the following remedies:

...

3. Issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person or persons found to have engaged in, or about to be engaged in, activity that constitutes a violation of this chapter or any rule or order under this chapter:

(a) To cease and desist from the activity;

(b) To perform any other reasonable mandates directed by the commissioner pursuant to an appropriate remedy fashioned by the commissioner and reasonably calculated to carry out the provisions of this chapter; or

(c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15)."

16. Pursuant to KRS 292.500(14), "The commissioner may impose civil fines against any person who violates any provision of this chapter or any rule or order or voluntary agreement entered into under this chapter. The fine shall not exceed twenty thousand dollars (\$20,000) per violation..."

VIOLATIONS ALLEGED IN THE COMPLAINT

17. Following its investigation, on July 19, 2019, DFI filed an administrative complaint against the Respondents alleging the following violations (the "Complaint").

Violations of KRS 292.320

18. KRS 292.320(1) requires the disclosure of all "material facts," in connection with the "offer, sale, or purchase of any security." It also forbids the omission of any "material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading."

Misuse of Investor Funds

19. Fame Route's bank records show that the Company wrote four checks totaling forty thousand dollars (\$40,000) to "Thurbert Baker for Governor." As none of Fame Route's offering documents or other disclosures specifically indicate that investor funds may be used for contributions to political campaigns, DFI alleged that Respondents failed to disclose a material fact in violation of KRS 292.320(1).

Inconsistent Offering Circulars

20. Among the documents provided to DFI by Respondents were two distinct Offering Circulars that were used to solicit investors for Fame Route. One Offering Circular provided by Fame Route to DFI included a table of "Founding Shareholders" whose stock in Jump Jet (a

previous entrepreneurial venture by Peter) was being converted into stock in preferred shares of Fame Route stock. Another Offering Circular provided to several of Fame Route's prospective investors included information about the "Founding Shareholders" of Jump Jet and the conversion of their shares into Fame Route stock. However, this Offering Circular did not include the same table of "Founding Shareholders" included in the other Offering Circular.

21. As a result, the Complaint alleged that Respondents' use of inconsistent Offering Circulars resulted in misleading representations about the material facts of Fame Route's offering, in direct violation of KRS 292.320(1).

Violations of KRS 292.340

22. KRS 292.340 requires that securities offered for sale or sold in the Commonwealth be either registered with DFI or exempt from registration under the Act.

23. Fame Route initially solicited investments pursuant to a claim of exemption from registration under Regulation D (17 C.F.R. §§ 230.500 – 230.508) and 808 KAR 10:210. However, given DFI's preliminary determination that Respondents provided misleading representations about material facts to Fame Route's investors as described above, DFI alleged in the Complaint that Respondents failed to comply with 808 KAR 10:210 § 1(2)(d) and thus were not entitled to exemption from registration.

24. DFI further alleged that Respondents did not satisfy the conditions required to be exempt from registration, therefore they solicited and sold securities that were neither registered nor exempt from registration under the Act in violation of KRS 292.340.

AGREEMENT AND ORDER

25. To resolve this matter without litigation or other adversary proceedings, DFI and the Respondents agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

26. The terms of the this Agreed Order do not constitute an admission by the Respondents to any of the allegations outlined in the Complaint or in this Agreed Order.

27. This Agreed Order is not intended by the DFI to subject Respondents to any disqualifications contained in the laws of the United States, any state, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the federal securities laws or the Commodity Exchange Act, the rules and regulations thereunder (including, without limitation, Regulation A and Rules 504 and 506(d) of Regulation D, and Regulation CF under the Securities Act of 1933), or the rules and regulations of self-regulatory organizations, or various states' securities laws, including any disqualifications from relying upon registration exemptions or safe harbor provisions. In addition, this Agreed Order is not intended to form the basis for any such disqualifications, and this Agreed Order must be disclosed in all future securities offers in which Respondents are involved.

28. In the interest of economically and efficiently resolving the violations described herein, DFI and Respondents hereby agree as follows:

- a. Respondents agree to pay a civil fine in the amount of **forty thousand dollars (\$40,000)** for the violations described herein, which shall be due and payable within thirty (30) days of the entry of this Order;
- b. All payments under this Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Respondents, or a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2019-AH-00043, 500 Mero Street 2SW19, Frankfort, Kentucky 40601;

c. Respondents shall cease and desist from any further solicitations of securities in Kentucky; and

d. Respondents shall cease and desist from any future violations of the Act.

29. Respondents waive their right to demand a hearing at which they would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on their own behalf, or to otherwise appeal or set aside this Agreed Order.

30. Respondents consent to and acknowledges the jurisdiction of DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

31. In consideration of execution of this Agreed Order, Respondents for themselves, and for their successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondents ever had, now have, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

32. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

33. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 20th day of October, 2021.

Charles
A. Vice

/s/ Charles A. Vice

Digitally signed by: Charles A. Vice
DN: CN = Charles A. Vice email = charles.vice@ky.gov C = US
O = Dept. of Financial Institutions OU = PPC/DFI/Commissioner
Date: 2021.10.20 09:13:36 -05'00'

CHARLES A. VICE
COMMISSIONER

CERTIFICATE OF SERVICE

I, Alison Reed, hereby certify that a copy of the foregoing Administrative Complaint was sent on this the 20th day of October, 2021, by certified mail, return receipt requested, to the following:

Fame Route, LLC
312 Walnut Street, Suite 1151
Cincinnati, Ohio 45202
RESPONDENT

Gilbert Peter
9126 Northwest 66th Lane
Parkland, Florida 33067
RESPONDENT, AND AGENT FOR FAME ROUTE, LLC

Bradley C. Tilford
312 Walnut Street, Suite 1140
Cincinnati, Ohio 45202
And
700 Bourbon Street
Bowling Green, Kentucky 40324
RESPONDENT AND AGENT FOR FAME ROUTE, LLC

J. Christopher Coffman
Frost Brown Todd Attorneys, LLC
400 West Market Street, 32nd Floor
Louisville, Kentucky 40202
COUNSEL FOR RESPONDENTS

AND BY HAND DELIVERY TO:

Stuart Michael
Department of Financial Institutions
500 Mero Street 2SW19
Frankfort, KY 40601
COUNSEL FOR DEPARTMENT OF FINANCIAL INSTITUTIONS


Alison Reed
Department of Financial Institutions