



**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

FINAL ORDER OF DEFAULT

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

PARTIES

1. DFI 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.

FILING AND SERVICE OF THE ADMINISTRATIVE COMPLAINT

4. On February 9, 2021, the Department filed an Administrative Complaint in the above-styled action, alleging numerous violations of the Act by Respondents.

5. On February 9, 2021, DFI sent, via certified mail, copies of the Administrative Complaint to the Company's registered agent of service, and to Wright at the address listed above. DFI received confirmation that the Complaint was successfully delivered to these addresses on February 12, 2021.

6. As the Complaint was successfully served on both Respondents, and as no response to the Complaint was received by the Department, this Final Order of Default is appropriate.

STATEMENT OF FACTS

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

8. 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.

9. Additionally, since at least August 2018 through the date of this filing, Respondents 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.

10. 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."

11. An examination of the Company's financial records by the Department 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.

12. In August, 2018 Wright, through the Company's 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.

13. In September 2018, Wright, through the Company's 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.

14. In October 2018, Wright, through the Company's 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.

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

16. 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

17. 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.'"

18. 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

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

19. 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."

20. 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)."

21. 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

Violation of KRS 292.320

22. 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."

23. 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).

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.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

32. Respondents made material misrepresentations on through the Company's website and direct communications between Wright and investors, in violation of KRS 292.320(1);
33. Respondents failed to disclose that investor funds would be used for Wright's personal enjoyment in violation of KRS 292.320(1);
34. Respondents engaged in a scheme, artifice, or plan to defraud their investors in violation of KRS 292.320(1);
35. Respondents solicited securities in Kentucky where those securities were neither registered with DFI nor exempt from registration under the Act in violation of KRS 292.340.
36. This Order is in the public interest.

ORDER

In light of the foregoing, the Commissioner hereby **ORDERS** 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.
4. Respondents shall pay a civil penalty in the amount of **Twenty Thousand Dollars (\$20,000)**, for which Respondents shall be **jointly and severally liable**;
5. Respondents shall pay restitution to the investors impacted by the violations described here, as the Commissioner shall prescribe;

7. This Order shall be final and appealable.

IT IS SO ORDERED on this the 12th day of May, 2021.

/s/ Charles A. Vice

CHARLES A. VICE
COMMISSIONER

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: 2021.05.12 08:35:32 -04'00'

NOTICE OF APPEAL RIGHTS

Pursuant to KRS 292.490 and 13B.140, as applicable, you are hereby notified that any person aggrieved by the FINAL ORDER of the Commissioner may obtain a review of the Order by the Franklin Circuit Court. If you choose to appeal, you must file a written petition asking that the Order be modified or set aside, in whole or in part, in the Franklin Circuit Court within thirty (30) days after the entry of the Order. A copy of the petition must be served on the Commissioner.

CERTIFICATE OF SERVICE

I, Allison Reed, hereby certify that a copy of the foregoing Final Order of Default was sent on this the 15th day of May, 2021, by certified mail, return receipt requested, to the following:

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

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

John Wright
423 Tate Avenue
New Albany, Mississippi 38652
RESPONDENT

AND

Hand delivered to:

Stuart D. Michael
Public Protection Cabinet
Department of Financial Institutions
500 Mero Street 2 SW 19
Frankfort, Kentucky 40601
COUNSEL FOR COMPLAINANT

Allison Reed
Department of Financial Institutions

Name: Allison Reed

Title: Executive Staff Advisor