

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:)	
)	
James M. Rudnick; Rudnick)	
Development, LLC; and Southeastern)	CONSENT ORDER
Lot Acquisitions, LLC,)	
)	Matter No. 2019635
Respondents.)	
_____)	

I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. §35-1-101, *et seq.*, and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of James M. Rudnick (“Rudnick”); Rudnick Development, LLC (“Rudnick Development”); and Southeastern Lot Acquisitions, LLC (“SELA”) (collectively, the “Respondents”). In connection with its investigation, the Division has determined that the Respondents violated the Act.

Without admitting or denying the Findings of Fact and Conclusions of Law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondents and the subject matter of this proceeding, which are admitted, the Respondents, having been advised of their right to counsel, expressly consent to the entry of this Consent Order, which resolves the allegations against them as set forth herein. The Respondents elect to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order.

II. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

III. RELEVANT PERIOD

2. Except as otherwise expressly stated, the conduct described herein occurred during the period of July 1, 2014, to present (the “Relevant Period”).

IV. RESPONDENTS

3. Rudnick is a resident of Tallahassee, Florida. Rudnick is a real estate developer operating most of his real estate development projects through Rudnick Development.

4. Rudnick Development is a Florida limited liability company with its principal place of business in Tallahassee, Florida. Rudnick is the owner and operator of Rudnick Development.

5. SELA is a Florida limited liability company with its principal place of business in Tallahassee, Florida. SELA was formed in 2014. Rudnick is the owner and operator of SELA.

6. None of the Respondents has ever been registered with the Division in any capacity.

V. FINDINGS OF FACT

7. During the Relevant Period, Rudnick filed with the U.S. Securities and Exchange Commission (the “SEC”) a notice of exempt offering of securities listing SELA as an issuer of debt securities and claiming Rule 506(b) of Regulation D as the requisite exemption from the registration requirements of the federal Securities Act of 1933.

8. SELA was purportedly going to offer debt securities, and in fact, it subsequently sold promissory notes to investors (the “SELA Promissory Notes”).

9. The Respondents allowed two individuals who were not licensed broker-dealers or broker-dealer agents to be responsible for preparing the offering materials for the sale of the SELA Promissory Notes.

10. Pursuant to the offering materials, money raised from the sale of the SELA Promissory Notes would be used to acquire distressed real estate assets in the southeastern United States and to develop and sell those real estate assets for a profit.

11. During the Relevant Period, Rudnick and Rudnick Development raised millions of dollars for SELA from the sale of the SELA Promissory Notes to over 50 investors.

12. During the Relevant Period, the Respondents sold two (2) SELA Promissory Notes to at least one (1) South Carolina investor.¹

13. The offering materials provided to investors, including the South Carolina investor, provided that SELA employees would not receive commissions in connection with the sale of the securities, and that any commissions that were paid would be paid only to licensed broker-dealers.

14. In fact, the Respondents caused hundreds of thousands of dollars to be paid as commissions to the above-referenced SELA employees who were not licensed broker-dealers or broker-dealer agents but who assisted the Respondents with the SELA securities offering.

15. Therefore, the Respondents' payment of commissions to the above-referenced SELA employees violated the terms of the offering documents.²

¹ Other South Carolina investors invested money with the Respondents through a pooled fund in North Carolina that then invested funds with the Respondents.

² In its own investigation of Rudnick and other business associates, the SEC alleged that Rudnick failed to properly review and understand the SELA offering materials that were drafted by two North Carolina individuals, and as a result, Rudnick and SELA failed to understand that the offering materials prohibited payments of commissions to these two North Carolina individuals. See *SEC v. James M. Rudnick*, Civ. Action No. 3:20-cv-00532 (W.D.C. NC, Sept. 24, 2020) <https://www.sec.gov/files/litigation/complaints/2020/comp24914.pdf>.

VI. CONCLUSIONS OF LAW

16. Paragraphs 1 through 15 are incorporated by reference as though fully set forth herein.

17. The SELA Promissory Notes sold by the Respondents are securities, pursuant to S.C. Code Ann. § 35-1-102(29).

18. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make untrue statements of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

19. The Respondents failed to disclose to the South Carolina investor that the Respondents caused hundreds of thousands of dollars to be paid to SELA employees who assisted the Respondents with the SELA securities offering in violation of the offering documents.

20. Each violation of S.C. Code Ann. § 35-1-501(2) is a separate violation of the Act.

21. The Respondents' violations of the Act set forth above provide the basis for this Order, pursuant to S.C. Code Ann. § 35-1-604(a)(1).

22. This Consent Order is appropriate and in the public interest, pursuant to the Act.

VII. ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Each of the Respondents and every successor, affiliate, control person, agent, servant, and employee of each of the Respondents, and every entity owned,

operated, or indirectly or directly controlled by or on behalf of each of the Respondents shall **CEASE AND DESIST** from transacting business in this State in violation of the Act;

- b. Each of the Respondents expressly consents and agrees to be **PERMANENTLY BARRED** in the State of South Carolina from associating with³ or acting as an issuer, or a partner, officer, director, or control person of an issuer, or as an agent of an issuer;
- c. Each Respondent expressly consents and agrees to be **PERMANENTLY BARRED** from offering or selling securities to, from, or within the State of South Carolina until such securities are properly registered with the Division.
- d. The Respondents shall jointly and severally pay a civil penalty in the amount of \$7,500.00 to the Division;
- e. Payment not received within ten (10) days of the execution of this Consent Order will be considered past due and place the Respondents in default of this Consent Order. In the event of default, the Securities Commissioner will, in his discretion, have the ability to vacate this Consent Order. In addition, the Division will have the ability to pursue further action, including, but not limited to, the relief provided in S.C. Code Ann. § 35-1-604(g).

Upon execution by the Securities Commissioner, this Consent Order resolves Matter Number 2019635 as to the Respondents.

³ “Associating with . . . an issuer” means the same as an “associated person of an issuer” as defined in 17 CFR 240.3a 4-1(c)(1).

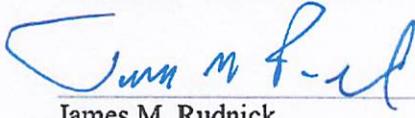
As part of this Consent Order, the Respondents agree that they: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order; or creating the impression that this Consent Order is without factual basis; and (ii) will not make or permit to be made any public statement to the effect that the Respondents do not admit the allegations of this Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that the Respondents do not deny the allegations. If the Respondents breach the agreement set forth in this paragraph, the Securities Commissioner may vacate this Consent Order. Nothing in this paragraph affects the Respondents': (i) testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceeding, including the right to deny the allegations herein and to dispute the Findings of Fact and Conclusions of Law set forth herein.

This Consent Order should not be interpreted to waive any (i) private cause of action that may have accrued to investors as a result of the activities set forth in Section V herein, or (iii) other causes of action that may result from activities of a Respondent not set forth in Section V of this Consent Order.

ENTERED, this the 3 day of May, 2024.

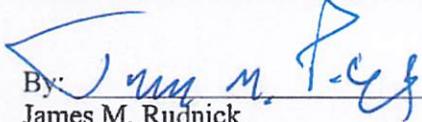

ALAN WILSON
Securities Commissioner
State of South Carolina

Respondent James M. Rudnick consents to the terms of the above Consent Order:


James M. Rudnick

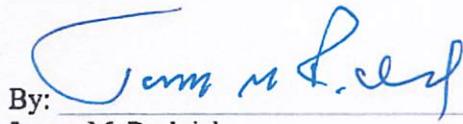
Date: 4/23/2024

Respondent Rudnick Development, LLC consents to the terms of the above Consent Order:

By: 
James M. Rudnick

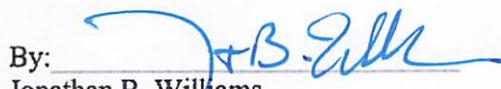
Date: 4/23/2024

Respondent Southeastern Lot Acquisitions, LLC consents to the terms of the above Consent Order:

By: 
James M. Rudnick

Date: 4/23/2024

The Securities Division of the Office of the South Carolina Attorney General consents to the above Consent Order:

By: 
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 4/24/2024