

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

IN THE MATTER OF:)	
)	
James L. Nigg; Constructis, LLC; Constructis Group, Inc.; and Constructis Energy, LLC;)	CONSENT ORDER
)	Matter No. 20211036
)	
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 L. Nigg (“Nigg”), Constructis, LLC (“Constructis”), Constructis Group, Inc. (“CGI”), and Constructis Energy, LLC (“CEL”) (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 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 between the period of September 1, 2012, and August 31, 2022 (the “Relevant Period”).

IV. RESPONDENTS

3. During the Relevant Period, Nigg was a resident of South Carolina.

4. Constructis is a South Carolina Limited Liability Company that was formed on July 12, 2007. During the Relevant Period, Constructis had various business addresses, including: 575 Millennium Boulevard, Greenville, South Carolina 29607; 3 Tolbert Drive, Greenville, South Carolina 29607; 312 W 24th Street, Norfolk, Virginia 23517; and 1533 Harpers Road, Unit D-2, Virginia Beach, Virginia 23454. Nigg is the founder and chief executive officer of Constructis.

5. CGI is a Delaware Corporation, which was formed on June 26, 2018. CGI is located at 575 Millennium Boulevard, Greenville, South Carolina 29607, and 312 W 24th Street, Norfolk, Virginia 23517. During some of the Relevant Period, CGI had a business address of 1533 Harpers Road, Unit D-2, Virginia Beach, Virginia 23454. Nigg is the founder and chief executive officer of CGI.

6. CEL was a California Limited Liability Company formed on June 20, 2018. CEL was located at 1519 Industrial Ave, Escondido, California 92029, and it had a mailing address in Greenville, South Carolina. Nigg was the founder, president, chief executive officer, and secretary of CEL. CEL was suspended by the California Secretary of State on October 5, 2021.

7. Hereafter, the above-named companies are collectively referred to as “Constructis.”

V. FINDINGS OF FACT

A. SC Investor

8. In or around March 2021, Nigg and a South Carolina resident (“SC Investor”) discussed investing in Constructis. Nigg represented that he was the owner and chief executive officer of Constructis.

9. Nigg represented to SC Investor that he and Constructis had invented and developed an alternative energy machine that collected and stored energy using kinetic energy.

10. Nigg represented to SC Investor that he and Constructis had two investment options for investors—an “equity purchase [investment] option” and a “pre-seed investment group option.”

11. In describing the two investment options, Nigg made a number of representations to SC Investor, including representations regarding the valuation of Constructis, and the number of individuals employed by Constructis.

12. Nigg represented to SC Investor that he had a number of investors, and he projected certain payouts for those investors. He also set forth various terms for the payout options for investors, and he urged SC Investor to move quickly to invest in Constructis.

13. Nigg provided SC Investor a “slide deck,” a nondisclosure agreement, and other materials, in an effort to convince SC Investor to invest in Constructis. Nigg did not provide SC Investor any form of offering or disclosure document.

14. The Division has concluded that Nigg’s representations to SC Investor exaggerated the status of Constructis and its product development, and his representations did not include appropriate disclosures.

15. SC Investor did not invest in Constructis.

B. The Constructis Website

16. The Respondents maintained a website (the “Constructis Website”) that featured the kinetic energy machine, and the status of the machine’s development.

17. The Constructis Website made a general solicitation to the public regarding investing in Constructis. For example, in a February 5, 2021, post on the Constructis Website, Constructis “announced today it is seeking investors to facilitate the launch of the more advanced” version of its machine.¹

C. The “Slide Decks”

18. The Respondents produced to the Division a number of presentation “slide decks,” which were provided to potential investors, including one version that was provided to SC Investor. These publications featured the kinetic energy machine, and in some cases, solicited investments in Constructis.

19. In a July 2019 investor slide deck (the “2019 Slide Deck”), the first page highlighted that Constructis “seek[s] capital to solidify our foundation and expedite speed to market.”

20. The 2019 Slide Deck does not disclose or mention the risks associated with investing in Constructis.

21. In a September 2021 investor slide deck entitled “4Q 2021 Constructis Investment Deck” (the “2021 Slide Deck”), there is a slide entitled “Offering,” which indicated that the Respondents were “[s]elling up to 20% non-diluted, private equity ownership at a \$20,000,000 Company value.”

¹ Nigg removed the solicitation language from the Constructis Website after the Division contacted him regarding the language.

22. The 2021 Slide Deck does not disclose or mention the risks associated with investing in Constructis.

23. The representations in the various slide decks exaggerate the status of Constructis, and its product development.

D. The Respondents' Undertakings

24. The Respondents have cooperated with the Division's investigation.

25. The Respondents have updated the Constructis Website and removed all investor solicitation materials.

26. The Respondents have produced an updated slide deck, which removes all investor solicitation materials.

V. CONCLUSIONS OF LAW

27. Paragraphs 1 through 30 are incorporated by reference as though fully set forth herein.

28. The Constructis investment options were securities as defined in S.C. Code Ann. §35-1-102(29).

29. The Constructis investment options were and are required to be registered with the Division pursuant to S.C. Code Ann. § 35-1-301.

30. The Constructis investment options have not been registered with the Division, are not exempt from registration, and are not a federally covered security.

31. The Respondents offered and sold unregistered securities in and from South Carolina in violation of S.C. Code Ann. § 35-1-301.

32. As outlined above, in violation of S.C. Code Ann. § 35-1-501, the Respondents, in connection with the offer, sale, or purchase of a security, directly or indirectly, in this State made

untrue statements of a material fact or omitted 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.

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

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

VI. ORDER

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

- a. Each Respondent 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; and
- b. The Respondents shall jointly and severally pay a civil penalty in the amount of thirty thousand dollars (\$30,000.00) to the Division.
- c. Due to the Respondents' remedial efforts, detailed in Section IV(D) of this Consent Order, \$25,000, of the fine in Section VI(b) is hereby permanently suspended.

Upon execution by the Securities Commissioner, this Consent Order will resolve Matter Number 20211036 as to the Respondents.

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 proceedings.

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

ENTERED, this the 25 day of January, 2023. ^{AW}

By: Alan Wilson
ALAN WILSON
Securities Commissioner
State of South Carolina

Respondent James L. Nigg consents to the terms of the above Consent Order:

James L. Nigg
James L. Nigg

Date: 05Dec2022

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

By: James L. Nigg
James L. Nigg

Date: 05Dec2022

Respondent Constructis Group, Inc. consents to the terms of the above Consent Order:

By: James L. Nigg
James L. Nigg

Date: 05Dec2022

Respondent Constructis Energy, LLC consents to the terms of the above Consent Order:

By: James L. Nigg
James L. Nigg

Date: 05Dec2022

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

By: Jonathan B. Williams
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 1/25/23