

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

<b>IN THE MATTER OF:</b>	)	
	)	
<b>Dublin Finance Associates, LLC;</b>	)	
<b>Thomas W. Janes;</b>	)	<b>ORDER TO CEASE AND DESIST</b>
<b>Commonwealth Botanicals, LLC; and</b>	)	<b>Matter No. 20194002</b>
<b>Dean D. Porter;</b>	)	
	)	
	)	
<b>Respondents.</b>	)	
_____	)	

**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 (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 Dublin Finance Associates, LLC (“Dublin”), Thomas W. Janes (“Janes”), Commonwealth Botanicals, LLC (“Commonwealth”), and Dean D. Porter (“Porter”) (collectively, the “Respondents”). In connection with its investigation, the Division has determined that evidence exists to support the Findings of Fact and Conclusions of Law set forth below, and the issuance of this Order to Cease and Desist.

**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 October 1, 2018, to the present (the “Relevant Period”).

### **IV. RESPONDENTS**

3. Dublin is a South Carolina limited liability company formed on October 31, 2018, with a last known address of 782 Johnnie Dodds Boulevard, Mount Pleasant, South Carolina 29464.

4. Janes is a Massachusetts resident. During the Relevant Period, Janes formed Dublin and served as the Chief Executive Officer and sole managing member.

5. Commonwealth is a South Carolina limited liability company formed on November 29, 2018, with a last known address of 1650 James Nelson Road, Mount Pleasant, South Carolina 29464.

6. Porter is a South Carolina resident. During the Relevant Period, Porter formed Commonwealth and served as the sole managing member.

### **V. FINDINGS OF FACT**

#### *i. The Investment Opportunity*

7. Janes and Porter met approximately ten years ago through a mutual acquaintance during a business transaction.

8. In 2018, Janes and Porter discussed a business opportunity regarding the purchasing and processing of raw hemp into cannabidiol (“CBD”) products for resale.

9. As part of this business opportunity, Janes formed Dublin on October 31, 2018, for the sole purpose of financing Commonwealth’s operations (i.e., the purchasing, transporting, and processing of raw hemp into CBD products).

10. Beginning in or around October 2018, Janes began soliciting investors with a business opportunity regarding the purchase and manufacture of raw hemp into CBD products for resale.

11. In or around November 2018, Janes represented to investors that the investors would receive 10% returns on their investment on a monthly basis and that upon termination, the investors would receive a return of their initial investment.

12. In or around November 2018, Janes further represented to investors that the CBD products would command a premium price and that all proceeds would go to a lock-box under Dublin's control. Janes also represented that all payments received from the sales of the CBD products would be subject to the release of liens by Dublin to re-pay the money to Dublin's escrow account and for the investors' monthly interest payments.

13. Between November 13, 2018, and December 12, 2018, investors executed Loan and Security Agreements and Subscription Agreements with Dublin whereby Dublin granted investors a security interest in collateral that included: (i) the raw hemp; (ii) any work-in-progress; (iii) the finished CBD products; (iv) Dublin's cash on hand and in Dublin's bank account; and (v) Dublin's portfolio of loans receivable from borrowers to whom Dublin had advanced funds in commercial factoring transactions.

14. In exchange for investor funds, Dublin issued promissory notes (the "Dublin Notes") to each investor containing the following terms:

- a. Interest on the principal amount was to be paid at the close of each thirty (30) day period at the rate of ten percent (10%) per month (defined as a thirty (30) day period) for a total of eight (8) consecutive thirty (30) day periods;

- b. The maturity date was two hundred forty (240) days from the date the Dublin Note was issued;
  - c. Dublin was to pay the principal amount of the investment in one installment on or before the date of maturity, not exceeding two hundred forty (240) days from the date the Dublin Note was issued; and
  - d. In the event of a default on the Dublin Note, interest on the unpaid principal amount would accrue at a rate of fifteen percent (15%) per month.
15. Between November 13, 2018, and December 12, 2018, Dublin raised \$775,000.00 from 13 investors.
16. The investor funds were wired to Dublin's bank account where Janes and Porter were both authorized representatives and signatories.

*ii. Dublin and Commonwealth Business Venture*

17. On November 29, 2018, within a month of Janes' forming Dublin, Porter formed Commonwealth.
18. On or around December 3, 2018, Commonwealth and Dublin entered into a Loan and Security Agreement (the "Commonwealth Agreement") whereby Dublin agreed to provide Commonwealth \$700,000.00 in order to fund Commonwealth's operations and contractual obligations related to purchasing and transporting raw hemp, and using the raw hemp to manufacture CBD products for sale. These funds were to be advanced directly to the third parties by Dublin on behalf of Commonwealth.
19. Pursuant to the Commonwealth Agreement, Commonwealth executed the Senior Secured Commercial Promissory Note (the "Commonwealth Note") evidencing

Commonwealth's indebtedness to Dublin and obligation to pay Dublin the principal amount and interest upon maturity.

20. The Commonwealth Agreement also provided that Dublin was to receive an origination fee in the amount of 10% of the face value of the Commonwealth Note, equivalent to \$70,000.00, to be paid at the maturity of the Commonwealth Note.

21. Commonwealth and Dublin also entered into a Consulting Services Agreement (the "Consulting Agreement") whereby Dublin would receive \$50,000.00 payable upon maturity of the Commonwealth Note.

22. The Commonwealth Agreement defined maturity as thirty (30) days from the date of the Commonwealth Note, or at such time as the collateral securing the Commonwealth Note was sold, whichever occurred sooner.

23. On or around December 3, 2018, Commonwealth entered into a Supply Agreement, whereby a third-party farm agreed to sell Commonwealth 10,000 pounds of raw hemp for \$380,000.00. The Supply Agreement acknowledged that the cost of the purchase would be fulfilled on Commonwealth's behalf by Dublin.

24. On or around December 5, 2018, Commonwealth entered into a Manufacturing Agreement (the "Manufacturing Agreement") with LabCanna Biosciences, Inc. ("Labcanna") whereby LabCanna agreed to manufacture the raw hemp provided to it by Commonwealth into THC-removed CBD isolate.

25. The Manufacturing Agreement acknowledged that Dublin would advance funds due from Commonwealth to LabCanna on behalf of Commonwealth and that Dublin would have a first lien security interest in the raw hemp materials, the materials during the work in progress stages, and the finished products.

26. The Manufacturing Agreement also acknowledged that Dublin, on behalf of Commonwealth, would pay LabCanna \$300,000.00 upon delivery of the raw hemp.

27. On December 3, 2018, and December 6, 2018, Dublin wired a total of \$22,500.00 to a transportation service for the delivery of the raw hemp purchased from the third-party farm to LabCanna.

28. On December 5, 2018, Dublin wired \$380,000.00 to the third-party farm pursuant to the Supply Agreement.

29. On December 6, 2018, Dublin wired \$285,000.00 to LabCanna pursuant to the Manufacturing Agreement.

30. On December 21, 2018, Commonwealth filed a UCC-1 filing with the State of South Carolina securing Dublin's interest in Commonwealth's present and future right, title, and interest in all of the underlying raw materials, work in progress, and finished products derived from the raw materials.

31. On December 31, 2018, LabCanna wired \$185,000.00, from the sale of products derived from Commonwealth's raw hemp, to Dublin pursuant to the Manufacturing Agreement.

32. Subsequently, on January 2, 2019, Dublin wired the investors their first interest payment pursuant to the Dublin Notes.

33. On February 7, 2019, LabCanna wired \$30,000.00 to Dublin.

34. Subsequently, on February 7, 2019, Dublin wired select investors their second interest payment pursuant to the Dublin Notes.

35. On March 14, 2019, LabCanna wired \$35,000.00 to Dublin.

36. Once again, on or around March 14, 2019, Dublin wired select investors their third interest payment pursuant to the Dublin Notes.

37. On March 28, 2019, a third-party purchaser wired \$100,000.00 to Dublin on behalf of LabCanna in connection with the purchase of products produced pursuant to the Manufacturing Agreement.

38. On March 28, 2019, Dublin wired the remaining investors their interest payments that totaled the amount of the prior two-missed interest payments.

39. On April 15, 2019, LabCanna wired \$20,000.00 to Dublin.

40. On or around April 16, 2019, Dublin wired only two of the thirteen investors their interest payments pursuant to the Dublin Notes.

41. On May 15, 2019, LabCanna wired \$10,000.00 to Dublin.

42. On May 30, 2019, LabCanna wired \$15,000.00 to Dublin.

43. On or around May 31, 2019, Dublin wired select investors interest payments pursuant to the Dublin Notes.

*iii. Default and Settlement*

44. After LabCanna's wire to Dublin on December 31, 2018, LabCanna failed to make scheduled and complete payments as required by the Manufacturing Agreement with Commonwealth.

45. As a result of LabCanna's default, Commonwealth failed to perform pursuant to the Commonwealth Agreement, Commonwealth Note, and Consulting Agreement entered into with Dublin; therefore, Dublin was unable to make complete interest payments to Dublin's investors pursuant to the Dublin Notes.

46. In or around June 2019, Janes and Dublin proposed to investors a "First Amendment to Promissory Note and Loan & Security Agreement" (the "Proposed Amendment").

47. The Proposed Amendment provided that Dublin would pay the remainder of the principal amount of the Dublin Note in one installment on or before August 2, 2019, and would pay one interest payment of 40% of the principal amount on or before October 26, 2019.

48. The Dublin investors never agreed to the Proposed Amendment.

49. On June 26, 2019, seven investors provided Dublin with a notice of default and declared the unpaid principal, and accrued and unpaid interest, owed pursuant to the terms of the Dublin Notes, due immediately.

50. On June 28, 2019, Dublin and Commonwealth entered into a “Settlement and Strict Foreclosure Agreement” and “General Assignment and Bill of Sale” (collectively, the “Dublin-Commonwealth Settlement Agreement”).

51. Pursuant to the Dublin-Commonwealth Settlement Agreement, Dublin and Commonwealth agreed that Dublin’s secured interest in the raw hemp and products derived therefrom, represented a substantial opportunity to protect Dublin’s economic interests and constituted substantial valuable consideration.

52. Pursuant to the Dublin-Commonwealth Settlement Agreement and in exchange for the secured interest in the raw hemp and products derived therefrom, Dublin agreed not to pursue legal action against Commonwealth and thereby released and discharged Commonwealth from all claims and causes of action arising out of their prior agreements.

53. The Dublin-Commonwealth Settlement Agreement transferred, conveyed, assigned, and delivered to Dublin the secured interest in the raw hemp materials and any work in progress or finished products derived therefrom.

54. The Dublin-Commonwealth Settlement Agreement ensured that Dublin maintained the sole interest in the raw materials, work in progress, and completed products.



55. On January 29, 2020, despite the Dublin-Commonwealth Settlement Agreement, Commonwealth and Porter entered into a settlement agreement with LabCanna (the “LabCanna Settlement Agreement”) for purposes of settling LabCanna’s breach of the Manufacturing Agreement.

56. The breach that Porter sought to settle related solely to LabCanna’s nonpayment to Commonwealth that would have gone, in whole or in part, to making Commonwealth’s payments to Dublin pursuant to the Commonwealth Agreement and Commonwealth Note and thus back to the investors.

57. The terms of the LabCanna Settlement Agreement required LabCanna to transfer 270 shares of LabCanna common stock to Commonwealth and appoint Porter to a non-assignable seat on LabCanna’s advisory board for a term of 24 months from the formation of an advisory board. The LabCanna Settlement Agreement also provided that Commonwealth and Porter would fully indemnify LabCanna from all possible claims brought by Dublin pursuant to the Manufacturing Agreement.

58. The LabCanna Settlement Agreement included provisions preventing Commonwealth from transferring ownership of the shares of common stock to any individual or entity other than Porter in his individual capacity.

59. The LabCanna Settlement Agreement also included the option for LabCanna to repurchase the shares of common stock for \$825,000.00 within the first year; \$1,000,000.00 within the second year; and \$1,350,000.00 within the third year.

iv. *Misappropriation of Investor Funds*

60. Starting on November 14, 2018, and prior to wiring investor funds pursuant to the Supply Agreement and Manufacturing Agreement, Janes began misappropriating investor funds by making payments, wire transfers, and withdrawals from Dublin's bank account.

61. On November 14, 2018, Janes wired \$18,200.00 from Dublin's bank account to his child's private school for tuition.

62. On November 15, 2018, Janes purchased a certified check for \$9,000.00 payable to his ex-spouse.

63. On November 16, 2018, Janes withdrew \$22,808.00 from Dublin's bank account.

64. On November 23, 2018, Janes withdrew \$10,000.00 from Dublin's bank account.

65. On December 17, 2018, Janes withdrew \$15,000.00 from Dublin's bank account.

66. Beginning on November 13, 2018, Janes misappropriated approximately \$80,000.00 of the investors' funds initially deposited into the Dublin bank account.

67. During the Relevant Period, LabCanna wired a total of \$395,000.00 to Dublin pursuant to the Manufacturing Agreement.

68. During the Relevant Period, Dublin only returned approximately \$267,500.00 in interest and repayment of principal to investors.

69. Rather than returning the entirety of the payments received from LabCanna to investors as partial payment of principal and interest on the Dublin Notes, Janes made a number of withdrawals, wire transfers, and charges from Dublin's bank account.

70. On December 31, 2018, Janes withdrew a total of \$27,008.00 from Dublin's bank account.

71. On January 2, 2019, Janes withdrew a total of \$59,000.00 from Dublin's bank account.

72. On January 14, 2019, Janes purchased a certified check for \$5,000.00 for his child's private school tuition.

73. On January 22, 2019, Janes withdrew \$5,000.00 from Dublin's bank account.

74. On February 13, 2019, Janes withdrew \$3,500.00 from Dublin's bank account.

75. On March 28, 2019, Janes withdrew \$5,900.00 from Dublin's bank account.

76. On April 5, 2019, Janes withdrew \$10,008.00 from Dublin's bank account for his child's private school tuition.

77. On May 16, 2019, Janes withdrew \$1,000.00 from Dublin's bank account.

78. On May 17, 2019, Janes purchased a certified check for \$4,500.00 for his ex-spouse.

79. On May 30, 2019, Janes withdrew \$2,500.00 from Dublin's bank account.

80. Overall, of the distributions received from LabCanna pursuant to the Manufacturing Agreement, Janes misappropriated approximately \$130,000.00 that should have been returned to investors in the form of principal and interest payments pursuant to the Dublin Notes.

81. During the Relevant Period, Janes received at least approximately \$160,000.00 in funds from the Dublin bank account.

v. *Misrepresentations and Omissions*

82. Dublin and Janes failed to disclose to investors Dublin's and Janes' relationship with Commonwealth and Porter. Specifically, Dublin and Janes failed to disclose to investors that Dublin entered into the Commonwealth Agreement, the Commonwealth Note, and the

Consulting Agreement whereby Dublin was then contractually obligated to provide the investors' funds to Commonwealth to pursue the business venture and would be compensated by Commonwealth on the date of maturity of the Commonwealth Note.

83. The Respondents failed to disclose to investors that:

- a. In 2006, the Supreme Court of South Carolina suspended Porter from the practice of law for 90 days due to misconduct that violated the South Carolina Rules of Professional Conduct; and
- b. In 2014, the State of Washington Department of Financial Institutions initiated an enforcement action against Porter for illegally operating as an unlicensed mortgage broker.

84. Pursuant to the Commonwealth Agreement, the Commonwealth Note, and the Consulting Agreement entered into between Dublin and Commonwealth, Dublin and Janes were to be compensated upon the maturity of the Commonwealth Note.

85. However, Janes failed to disclose to investors how Dublin or Janes would be compensated or how much they would be compensated for their services.

86. Furthermore, Janes represented to investors that proceeds would be sent to Dublin's escrow account in order to pay the principal and interest owed to investors pursuant to the Dublin Notes. Instead, during the Relevant Period, Janes continuously withdrew funds from the Dublin bank account for his own personal use, even after LabCanna and Commonwealth defaulted on their respective obligations, until the account balance fell to zero.

87. The Respondents failed to disclose to investors that on June 28, 2019, Dublin and Commonwealth entered into the Dublin-Commonwealth Settlement Agreement ensuring

Dublin's secured interest in the raw hemp and products derived therefrom and discharging Commonwealth's claims and causes of action arising out of their contractual agreements.

88. Commonwealth and Porter failed to disclose to investors that on January 29, 2020, Commonwealth and Porter entered into the LabCanna Settlement Agreement despite assigning the secured interest in the raw hemp and products derived therefrom to Dublin pursuant to the Dublin-Commonwealth Settlement Agreement.

89. Commonwealth and Porter did not disclose, and took steps to conceal, the LabCanna Settlement Agreement and the receipt of shares of LabCanna common stock.

## **V. CONCLUSIONS OF LAW**

90. Paragraphs 1 through 90 are incorporated by reference as though fully set forth herein.

91. The Dublin Notes are securities as defined in S.C. Code Ann. § 35-1-102(29).

92. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration under Sections 35-1-201 through 35-1-203; or (3) the security is registered under this chapter.

93. The Dublin Notes were and are required to be registered with the Division pursuant to S.C. Code Ann. § 35-1-301.

94. The Dublin Notes are not federally covered securities, are not exempt from registration, and have not been registered with the Division.

95. Respondents Dublin and Janes offered and sold an unregistered security in violation of S.C. Code Ann. § 35-1-301.

96. 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 an untrue statement 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.

97. The conduct of Respondents Dublin and Janes, as alleged in paragraphs 11-12 and 86-87, *supra*, constitutes a violation of S.C. Code Ann. § 35-1-501(2).

98. The conduct of Respondents Dublin and Janes, as alleged in paragraphs 18-22 and 82, *supra*, constitutes a violation of S.C. Code Ann. § 35-1-501(2).

99. The conduct of Respondents Dublin, Janes, Commonwealth, and Porter, as alleged in paragraph 83, *supra*, constitutes a violation of S.C. Code Ann. § 35-1-501(2).

100. The conduct of Respondents Dublin and Janes, as alleged in paragraphs 84-85, *supra*, constitutes a violation of S.C. Code Ann. § 35-1-501(2).

101. The conduct of Respondents Commonwealth and Porter, as alleged in paragraphs 55-59 and 89-90, *supra*, constitutes a violation of S.C. Code Ann. § 35-1-501(3).

102. The conduct of Respondents Dublin and Janes, as alleged in paragraphs 60-66 and 81, *supra*, constitutes a violation of S.C. Code Ann. § 35-1-501(3).

103. The conduct of Respondents Dublin and Janes, as alleged in paragraphs 67-81, *supra*, constitutes a violation of S.C. Code Ann. § 35-1-501(3).

104. 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).

105. This Order is appropriate and in the public's 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;
- b. The Respondents shall jointly and severally pay a civil penalty in the amount of two hundred ten thousand dollars (\$210,000.00) if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000.00 for each violation of the Act by the Respondent(s).
- c. The Respondents shall jointly and severally pay the costs associated with this investigation in the amount of six thousand two hundred eighty-eight dollars and seventy-five cents (\$6,288.75) if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, pay the actual costs associated with the investigation and legal proceeding in accordance with S.C. Code Ann. § 35-1-604(e).

## **VII. NOTICE OF OPPORTUNITY FOR HEARING**

Each of the Respondents are hereby notified that she/he/it has the right to a formal hearing on the matters contained herein. To schedule a hearing, a Respondent must file with the Division within thirty (30) days after the date of service of this Order, a written Answer specifically requesting a hearing. If any Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a written request, will schedule a hearing for that Respondent. The written request

shall be delivered to the Office of the Attorney General, 1000 Assembly Street, Columbia, South Carolina 29201, or mailed to the Office of the Attorney General, Attention: Securities Division, P.O. Box 11549, Columbia, South Carolina, 29211-1549.

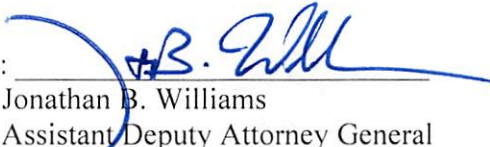
In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If the Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, the Respondent shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure by a Respondent to file an Answer, including a request for a hearing, shall result in this Order's becoming final by operation of law. The regulations governing the hearing process can be found at S.C. Code of Regulations § 13-604.

This Order does not prevent the Division or any law enforcement agency from seeking additional civil or criminal remedies as are available under the Act, including remedies related to the offers and sales of securities by the Respondents set forth above.

**ENTERED**, this the 22nd day of July, 2022.

ALAN WILSON  
SECURITIES COMMISSIONER

By:   
Jonathan B. Williams  
Assistant Deputy Attorney General