

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:

**CASHBOX MAGAZINE, INC. and
BRUCE ELROD,**

Respondents.

ORDER TO CEASE AND DESIST

File No. 12037

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division received information regarding alleged securities-related activities of Cashbox Magazine, Inc. and Bruce Elrod (the “Respondents”); and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

I. JURISDICTION

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

II. RESPONDENTS

2. Respondent Cashbox Magazine, Inc. (“Cashbox”) is a South Carolina corporation with a last known address of 82 McFadden Lane, Ridgeway, South Carolina 29130.
3. Respondent Bruce Elrod (“Elrod”) is a South Carolina resident with a last known address of 82 McFadden Lane, Ridgeway, South Carolina 29130 and is the registered agent of Cashbox.

III. FINDINGS OF FACT

4. Cashbox purports to be the direct descendant of a former iteration of Cashbox Magazine published in the United States for decades. Its content was primarily focused on the music industry, and it charted songs based on popularity.
5. The former Cashbox Magazine ceased publication in or around 1996.
6. Upon information and belief, the former Cashbox Magazine ceased to operate as a corporation sometime soon thereafter.
7. Cashbox, in its current construction, was incorporated by Elrod in South Carolina on or around September of 2006.
8. At various times relevant to this order, Elrod was a member of the Board of Directors or an officer of the company, and at all relevant times acted for Cashbox as an agent.
9. At all times relevant to this order, Elrod had signatory authority over the Cashbox corporate bank accounts.
10. From in or around 2006 until at least 2013, Cashbox sold shares of stock in exchange for money or in exchange for services rendered to the company.
11. The shares of stock issued by Cashbox constitute securities as that term is defined in the Act.

12. Cashbox offered or sold those securities, in or from South Carolina, to at least 70 persons.
13. At no time relevant to this order, were the securities offered and sold by Cashbox registered with the Division, and no exemption from registration has been claimed.
14. In connection with the offer or sale of Cashbox securities, Elrod and Cashbox, through its duly authorized agents, told investors that the money invested would be used for operating capital to grow and expand Cashbox.
15. At no time relevant to this order was Elrod registered with the Division as an agent, and no exemption from registration has been claimed.
16. Contrary to the representations made to investors in connection with the offer and sale of the Cashbox securities at issue, the majority of the known investors' money was used for the personal gain of Bruce Elrod and other corporate insiders.

IV. CONCLUSIONS OF LAW

17. 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 that security is a federal covered security, exempt from registration, or registered.
18. Pursuant to S.C. Code Ann. § 35-1-102(2), an "Agent" includes an individual who represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.
19. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business in this State as an agent unless that individual is registered or exempt from registration.
20. 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.

21. The Respondents, on more than one occasion, offered and sold securities in this State while those securities were not registered or federal covered, and no exemption from registration has been claimed, in violation of S.C. Code Ann. § 35-1-301.

22. Respondent Bruce Elrod, on at least one occasion, transacted business in this State as an agent while not registered or exempt from registration in violation of S.C. Code Ann. § 35-1-402(a).

23. The Respondents, on more than one occasion, in connection with the offer or sale of securities in or from South Carolina, (1) employed a device, scheme, or artifice to defraud; (2) made an untrue statement 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; or (3) engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon another person, in violation of S.C. Code Ann. § 35-1-501.

V. CEASE AND DESIST ORDER

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

- a. Respondent Cashbox and every successor, affiliate, control person, agent, servant, and employee of Cashbox, and every entity owned, operated, or indirectly or directly

controlled by or on behalf of Cashbox CEASE AND DESIST from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;

- b. Respondent Cashbox pay a civil penalty in the amount of Twenty Thousand Dollars (\$20,000) if this Order becomes effective by operation of law, or, if Cashbox seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Cashbox, and the actual cost of investigation or proceeding; and
- c. Respondent Elrod pay a civil penalty in the amount of Thirty Thousand Dollars (\$30,000) if this Order becomes effective by operation of law, or, if Elrod seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Elrod, and the actual cost of investigation or proceeding.

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Each Respondent is hereby notified that he has the right to a hearing on the matters contained herein. To schedule such a hearing, the Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from the Respondent, will schedule the hearing for that Respondent.

In the written Answer, the 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, he 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 of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty and any assessed costs, becoming final as to that Respondent by operation of law.

This Order does not prevent the Division or any other 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 Respondent set forth above.

ENTERED, this the 10th day of October, 2014.

ALAN WILSON
SECURITIES COMMISSIONER

By: Tracy Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:

A handwritten signature in blue ink, appearing to read "Jordan Crapps", is written over a horizontal line.

JORDAN CRAPPS
Assistant Attorney General
Securities Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, South Carolina 29201

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 12037

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated October 16, 2014, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Mr. Bruce Elrod
c/o W. Michael Duncan, Esq.
Austin & Rogers, P.A.
Congaree Building
508 Hampton Street, Suite 300
Columbia, SC 29201

Document(s): Order to Cease and Desist

Mailed October 16, 2014 from Columbia, South Carolina.

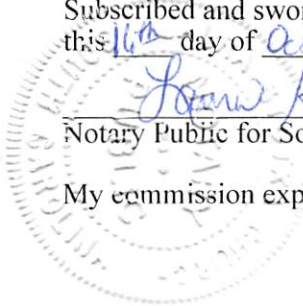
I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

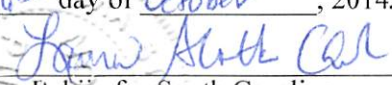
By:



Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 16th day of October, 2014.




Notary Public for South Carolina

My commission expires: 3-10-18

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 12037

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated October 16, 2014, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Mr. Bruce Elrod
As Registered Agent for
Cashbox Magazine, Inc.
82 McFadden Lane
Ridgeway, SC 29130

Document(s): Order to Cease and Desist

Mailed October 16, 2014 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: Thresechia P. Navarro
Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 16th day of October, 2014.

John A. Clark
Notary Public for South Carolina

My commission expires: 3-10-18