

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: *

PORTA OFFICE CYBER CAFÉ, LLC, *

MORGAN COMMUNICATIONS, INC. *
dba MORGAN COMMUNICATIONS * Case No. 2008-0434
MEDIA, INC. *

DONNA P. McCOY, and *
H. PATE McCOY, *

Respondents. *

* * * * * * * * * * * * *

**FINAL ORDER TO CEASE AND DESIST
AND ORDER OF BAR**

WHEREAS, the Division of Securities of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted by the Maryland Securities Act, Corporations and Associations Article, section 11-701, Annotated Code of Maryland (2007 Repl. Vol.) (the “Act”), instituted an investigation into the securities-related activities of Donna P. McCoy (“Donna McCoy”), H. Pate McCoy (“Pate McCoy”), Porta Office Cyber Café, LLC (“Porta Office”) and Morgan Communications, Inc. dba Morgan Communications Media, Inc. (“Morgan Communications”) (Respondents); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) concluded that the Respondents may have engaged in acts or practices constituting violations of the Act and further determined that action against the Respondents is in the public interest; and

WHEREAS, pursuant to section 11-701.1(a) of the Act, on November 17, 2008, the Commissioner issued an Order To Show Cause (the “Order”), incorporated herein by reference, requiring Respondents to show cause why: each Respondent should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a civil monetary penalty should not be entered against each Respondent; and why a final order should not be entered ordering each of the Respondents to cease and desist from further violations of the Act; and

WHEREAS, the Order gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submit an answer within 15 days of service of the Order, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, a copy of the Order was served upon Respondents at their last known addresses in Maryland and upon the Commissioner in accordance with section 11-802 of the Act; and

WHEREAS, on November 20, 2008, process was served on each of the Respondents; and

WHEREAS, the Respondents have not submitted an answer to the Order, nor a written request for a hearing,

NOW, THEREFORE, THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to Section 11-701.1 of the Act.

II. RESPONDENTS

2. Donna and Pate McCoy reside in Newport News, Virginia.

3. Porta Office is a Virginia limited liability company formed on March 9, 2006, with its principal office in Hampton, Virginia. Pate McCoy is the resident agent and Treasurer of Porta Office. Donna McCoy is Porta Office's President and General Operations Manager. Porta Office is not in good standing.

4. Porta Office is a subsidiary of Morgan Communications Media, Inc. or Morgan Communications, Inc. (collectively "Morgan Communications"), a corporation based in Newport News, Virginia. Donna and Pate McCoy founded and own Morgan Communications.

III. FINDINGS OF FACT

5. Porta Office describes itself as a "hi-tech business venture office store," planning to operate in the largest retail stores, including WalMart. It planned to provide copying and other business services. According to a flyer, the first center would open in late February 2006 and the first center in a WalMart would open in early spring 2006.

6. Porta Office offered a "Hi Yield Lucrative Private and Confidential Investment." It promised its investors various interest rates depending on the circumstances. Sometimes it offered interest as high as 60% each year for the life of Porta Office. Other times, it offered interest of 20% in one year plus a gift of 20% or interest of 15% in six months plus a gift of 15%. In some cases, the Investment Contract Agreement promised payments every year for either two or four years, depending on the amount invested, or even for the life of Porta Office.

7. It appears that Porta Office raised about \$282,800 from at least 39 investors. At least 21 of these investors live in Maryland.

8. One Maryland resident invested \$148,500 in a promissory note issued by Morgan Communications. The note promised a 12% return every year for four years plus a five percent

equity interest in a Porta Office location.

9. It appears that funds invested in Porta Office may have gone to support Morgan Communications.

10. Porta Office used one or more Maryland sales agents, including F.B., to solicit investors.

11. Porta Office did not succeed in opening any copy centers and has not been able to pay investors the promised interest or repay principal.

Registrations

12. Neither Donna nor Pate McCoy has ever been registered as a securities agent with the Maryland Securities Division or FINRA.

13. Porta Office's sales agent F.B. has never been registered as a securities agent.

14. The investments with Porta Office and Morgan Communications were not registered, exempt from securities registration or a federal covered security.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

15. The investments that Respondents sold in Porta Office and Morgan Communications constitute "securities" pursuant to section 11-101(r) of the Act.

16. Respondents offered and sold unregistered securities in violation of section 11-501 of the Act.

17. Respondents offered and sold securities in Maryland without being registered as a broker-dealer, issuer agent or broker-dealer agent, in violation of section 11-401 of the Act.

18. Respondents Porta Office and Morgan Communications employed unregistered securities agents to sell Porta Office's Investment Contract Agreements and Morgan Communication's promissory note, in violation of section 11-402 of the Act.

19. Respondents violated anti-fraud provisions in section 11-301 of the Act when they failed to disclose to their clients that they were not registered as a broker-dealer or agent for the purposes of selling Porta Office and Morgan Communications promissory notes and investment contract agreements; failed to disclose to their clients that the Porta Office and Morgan Communications promissory notes and investment contract agreements were not registered; failed to disclose the financial history of the companies and risks associated with the investments; and promised returns on the investments without any ability to satisfy the promises.

V. SANCTIONS

NOW, THEREFORE, the Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY ORDERED THAT:

20. Respondents each permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of section 11-501 of the Act.

21. Respondents each permanently cease and desist from acting as an unregistered agent or broker-dealer in Maryland in violation of section 11-401 of the Act.

22. Respondents Porta Office and Morgan Communications permanently cease and desist from employing unregistered securities agents in Maryland in violation of section 11-402 of the Act.

23. Respondents permanently cease and desist from engaging in fraud in violation of section 11-301 of the Act.

24. Respondents are permanently barred from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged, or from acting as broker-dealers, broker-dealer agents, issuer-agents, investment advisers or investment adviser representatives.

25. Respondents are jointly and severally assessed a civil monetary penalty, pursuant to section 11-701.1 of the Act, in the amount of \$315,000 (\$5,000 for each of three violations in 21 transactions), payable by certified check to the order of the Office of the Attorney General.

VI. JURISDICTION RETAINED

26. Jurisdiction is retained by the Commissioner for the purposes of enabling any party to this Final Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final Order.

VII. APPEAL RIGHTS

27. Any Respondent may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Division.

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

December 8, 2008

MELANIE SENTER LUBIN
Securities Commissioner

