

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

IN THE MATTER OF: \*

MATTHEW C. GORDON \*

Case No. 2006-0624

and \*

POMFRET PLANTATION, LLC. \*

Respondents. \*

\* \* \* \* \*

**CONSENT ORDER**

WHEREAS, the Maryland Securities Commissioner (the “Securities Commissioner”), pursuant to the authority granted in Section 11-701 of the Maryland Securities Act, Md. Ann. Code, Title 11, Corps. & Ass’ns (2007 Repl. Vol. and Supp. 2008) (the “Securities Act”), initiated an investigation into the securities activities of Matthew C. Gordon (“Matt Gordon”) and Pomfret Plantation, LLC (“Pomfret Plantation”); and

WHEREAS, on the basis of that investigation the Securities Commissioner determined that Matt Gordon and Pomfret Plantation (“Respondents”) violated the securities and anti-fraud provisions of the Securities Act; and

WHEREAS, prior to the initiation of any formal proceeding, without holding a hearing and without trial or adjudication of any issue of fact or law, the Commissioner and Respondents have reached an agreement to resolve this matter;

WHEREAS, Respondents, without admitting or denying any findings of fact or conclusions of law, except that Respondents expressly consent to the Commissioner’s jurisdiction over the

subject matter and personal jurisdiction over them in this proceeding, and consent and agree to the terms set forth below in the sections captioned Sanctions, Consequences of Violating Consent Order, Modification of Terms of this Consent Order and Jurisdiction Retained; and

WHEREAS, nothing in this Consent Order affects Respondents' testimonial obligations or their legal right to take positions in litigation to which the Maryland Securities Division ("Division") or the Commissioner is not a party; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order;

**NOW, THEREFORE, THE COMMISSIONER FINDS, CONCLUDES AND ORDERS:**

**I. JURISDICTION**

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

**II. RESPONDENTS**

2. Matt Gordon is 31 years old and a Maryland resident with places of business in Marion Station, Somerset County and Pocomoke City, Worcester County, Maryland. He is the sole owner of Gordon & Company, Ltd.

3. Matthew C. Gordon is a former golf player, who in the spring of 2004 changed his career path from golf to the real-estate development business.

4. On March 24, 2004, Matt Gordon filed for Chapter 7 personal bankruptcy. His debts were discharged on June 23, 2004.

5. On May 12, 2004, Matt Gordon, through Gordon & Company, Ltd. and in partnership with Wills-Hatala Partners, formed Pomfret Plantation, LLC ("Pomfret Plantation").

Pomfret Plantation is a Maryland limited liability company which had its principal place of business at 27770 Crisfield Marion Road, Marion, Maryland 21838. Through Gordon & Company, Ltd., Matt Gordon is President, the managing member and 50% owner of Pomfret Plantation, LLC.

6. Matt Gordon has never been registered with the Division as a broker-dealer agent or issuer agent.

7. The promissory notes issued by Pomfret Plantation are neither registered with the Division, exempt from registration nor preempted from registration.

### **III. STATEMENT OF FACTS**

#### Pomfret Plantation And Its Real Estate Purchases

8. Pomfret Plantation was formed to acquire and develop land in Marion Station, Maryland. When Pomfret Plantation bought the land, it had no operating history or cash reserves with which to pay for the land and its development, and did not obtain a conventional mortgage.

9. On May 22, 2006, Pomfret Plantation filed for Chapter 11 bankruptcy. *In re Pomfret Plantation, LLC*, Bankruptcy No. 06-12930-DK, United States Bankruptcy Court for the District of Maryland. When Pomfret Plantation was unable to reorganize, the bankruptcy case was dismissed.

10. Pomfret Plantation has lost in foreclosure actions any rights it had in the land that it planned to develop.

#### The Sale of Promissory Notes

11. Because Pomfret Plantation had no funds of its own and no conventional funding, it relied on the sale of promissory notes until it could get other funding to cover the cost of the

preliminary expenses of engineering and land use planning; preparing a plat for county approval; interior design; and architectural design. Between October 2004 and November 2005, Pomfret Plantation issued eleven promissory notes to six individual investors for a total of \$975,000.

12. Except for the last note, Pomfret Plantation's promissory notes promise a return of 8% during the first 12 months, 9% during the subsequent 12 months, and 10% during third, fourth and fifth years. All the promissory notes, except the last, contain two guarantees: First, the notes promise that the investment is "secured by real property of approximately 520 acres known as Pomfret Plantation located in Somerset County, Maryland." Second, the notes carry Matt Gordon's unconditional and irrevocable personal guarantee of "the principal and interest on the Note."

13. The last note, dated November 21, 2005, promised 100% return on \$50,000 in about seven months.

14. These representations were both false and misleading. The notes were not recorded on the land records and are not secured by real property.

15. In addition, material omissions made the promise of high returns misleading. Respondents failed to provide prospective investors with a prospectus or other meaningful disclosure or offering material. Instead, Respondents presented investors with a glossy marketing brochure that provided no financial statements, assessment of risks, background of the promoters or other material information.

16. Respondents failed to tell their clients about the risk that Pomfret Plantation may fail to obtain adequate financing for land development and consequently the entire project was at risk of failure.

17. Respondents failed to tell their clients that Matt Gordon had little, if any,

experience managing complex real estate development projects, that he had recently filed for personal bankruptcy and that his debts were discharged in June 2004, just four months before selling the first promissory note. As a result, Matt Gordon's personal guarantee had little or no value.

18. Respondents failed to disclose that the promissory note investments were not registered with the Division and that Matt Gordon was not a registered securities agent.

19. Upon information and belief, none of the investors has been repaid.

#### **IV. CONCLUSIONS OF LAW**

**THE COMMISSIONER CONCLUDES**, but Respondents neither admit nor deny, that:

20. The promissory notes issued by Pomfret Plantation are "securities" within the definition contained in Section 11-101(r) of the Securities Act.

21. Respondents violated Section 11-501 of the Securities Act by offering and selling unregistered and non-exempt securities.

22. Respondents violated Section 11-401 of the Securities Act by selling Pomfret Plantation's promissory notes without being registered as a broker-dealer or securities agent.

23. Respondent Pomfret Plantation violated Section 11-402 of the Securities Act by using an unregistered agent to sell its promissory notes.

24. Respondents violated Section 11-301 of the Securities Act by, among other things, failing to disclose the risks of the investments, failing to disclose Matt Gordon's bankruptcy filing and promising that the investments would be secured by an interest in the land.

#### **V. SANCTIONS**

**NOW, THEREFORE, IT IS HEREBY ORDERED** and Respondents, on behalf of

themselves, their successors, assigns and all persons acting or purporting to act on their behalf or by their authority, expressly consent and agree, that:

1. Respondents permanently cease and desist from selling unregistered securities.
2. Respondents permanently cease and desist from acting as an unregistered broker-dealer or securities agent.
3. Respondent Pomfret Plantation permanently cease and desist from employing an unregistered securities agent.
4. Respondents permanently cease and desist from engaging in fraud in connection with the offer, sale or purchase of any security and in connection with offering investment advice.
5. Matt Gordon and Gordon & Company Ltd. shall give the six investors in Pomfret Plantation's promissory notes a first priority claim against Matt Gordon and Gordon & Company Ltd.'s interest in PG Development Company, Inc. Matt Gordon and Gordon & Company Ltd. shall transfer \$975,000 from the proceeds arising from their interest in PG Development Company, Inc., or their share if it is less than \$975,000, to the Office of the Attorney General for further *pro rata* distribution to those persons who purchased promissory notes from Pomfret Plantation. Matt Gordon and Gordon & Company Ltd.'s proceeds arising from their interest in PG Development Company, Inc. shall be calculated as set forth in the Certificate of Corporate Resolution Confirming Division of and Distribution of Property Sale Proceeds of PG Development, dated April 3, 2008, and an amendment thereto dated October 24, 2009. Respondents shall transfer to the Office of the Attorney General their share of any proceeds at the time of settlement on any property sold by PG Development Company, Inc.
6. Respondents shall pay to the Office of the Attorney General a fine of \$100,000.

Collection of that fine, however, is waived in light of Respondents' current financial condition and agreement above to repay the principal owed on the Pomfret Plantation promissory notes.

7. Respondents shall provide a sworn financial statement to the Division by April 30 each year, so long as Respondents continue to have an interest in PG Development Company, Inc. and Respondents have not paid \$975,000 to the Office of the Attorney General.

8. Respondents shall in all future activities in Maryland comply fully with the Securities Act and the regulations promulgated thereunder.

#### **VI. CONSEQUENCES OF VIOLATION OF CONSENT ORDER**

9. If any Respondent fails to comply with any term of this Consent Order, the Division may institute administrative or judicial proceedings against the Respondent to enforce this Consent Order or to sanction that Respondent for violating an Order of the Commissioner or any other applicable law, including the issuance of fines or penalties as provided by the Act. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or the court finds that Respondent has violated this Consent Order, the facts and the violations of the Act set forth and incorporated in this Consent Order shall be deemed admitted and may be introduced into evidence against the Respondent.

#### **VII. MODIFICATION OF TERMS OF THIS CONSENT ORDER**

10. The terms of this Consent Order may only be modified by a subsequent order issued by the Commissioner.

#### **IX. JURISDICTION RETAINED**

11. Jurisdiction shall be retained by the Commissioner for the purpose of enabling any party to this Consent Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.





acknowledged the same to be his free act and deed.

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Notary Public  
My Commission Expires \_\_\_\_\_

Seal