

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

IN THE MATTER OF: *

ERIC BETHEA *

and *

TRAVIS BUMPERS *

and * Securities Division No. 2008-0236

NEW CENTURY HOMES OF *

CAROLINA, INC., a.k.a. *

NEW CENTURY HOMES OF *

NORTH CAROLINA, *

RESPONDENTS. *

* * * * *

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Maryland Securities Commissioner (the “Commissioner”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2007 Repl. Vol. & Supp. 2010) (the "Securities Act" or “Act”), undertook an investigation into the securities-related activities of Eric Bethea, Travis Bumpers, and New Century Homes of Carolina, a.k.a. New Century Homes of North Carolina (collectively “Respondents”); and

WHEREAS, on the basis of that investigation the Securities Commissioner (“Commissioner”) found grounds to allege that Respondents have violated certain registration and anti-fraud provisions, sections 11-301, 11-401(a), 11-402(a), and 11-501, of the Act; and

WHEREAS, the Commissioner issued an Order To Show Cause (the “Show Cause Order”) to Respondents, ordering each to cease and desist from soliciting investments in Maryland pending a hearing in this matter, and to show cause why a fine of up to \$5,000 per violation should not be imposed and why they should not permanently be barred from engaging in the securities business; and

WHEREAS, the Show Cause Order gave each Respondent notice of the opportunity for a hearing in this matter, if requested in writing within fifteen days of service of that order, and gave notice that as to any Respondent not requesting a hearing, a Final Order To Cease And Desist would be issued imposing a bar from engaging in securities transactions on behalf of others and a monetary civil penalty; and

WHEREAS, none of the Respondents filed an Answer or requested a hearing;

NOW, THEREFORE, the Commissioner finds that it is in the public interest to issue this Final Order, and THE COMMISSIONER FINDS, CONCLUDES AND ORDERS:

I. JURISDICTION

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

II. RESPONDENTS

2. Eric Bethea (“Bethea”), whose last-known address is in Dunn, North Carolina, at all relevant times was an agent and promoter of New Century Homes of Carolina, Inc., a.k.a. New Century Homes of North Carolina, and in that capacity sponsored and conducted public meetings in Prince George’s County, Maryland, for soliciting investors.

3. Travis Bumpers (“Bumpers”), whose last-known address is in Raleigh, North Carolina, at all relevant times was the president and a promoter of New Century Homes of Carolina, Inc., a.k.a. New Century Homes of North Carolina, and sponsored and conducted public meetings in Prince George’s County, Maryland, for soliciting investors.

4. New Century Homes of Carolina, Inc., a.k.a. New Century Homes of North Carolina (“NCH”), with an address in Charlotte, North Carolina, at all relevant times engaged in soliciting participants/investors in NCH through the offering of promissory notes and other investment devices.

III. FINDING OF FACTS

5. New Century Homes held itself out as being in the business of building and selling luxury homes in North Carolina. NCH claimed that it would pool investor funds, use the money to finance the construction of such homes, and then pay the investors a profit in the form of a share of the money derived from the sale of the home(s).

6. NCH offered three investment opportunities:

(a) A cash payment plan: investors would pay an amount to NCH for a promissory note, and hold back 10% of the face value of the principal as a return on investment. The full amount of the principal was to be repaid by NCH over time; or

(b) The use of an investor's good credit or credit card to acquire a loan with which an investment was made into NCH. The investor received a promissory note for the principal amount plus interest, which was to be paid by NCH; or

(c) The use of an investor's credit or funds to purchase or lease construction equipment (such as a dump truck, or caterpillar earth mover) for use by NCH in the construction of homes. The equipment would be procured in the investor's name and credit, but delivered to NCH for its use. The lease or purchase payments were to be paid by NCH, with the investor making a profit from such use.

7. In order to raise investor funds, beginning in or around Fall 2007, NCH held seminars in the Largo or Landover, Prince George's County area to solicit investors.

8. Bethea conducted meetings in Maryland 2-3 times per month for the purpose of soliciting investors in NCH. He did solicit, and accept, investments in NCH while in Maryland, conducting meetings at the Largo Holiday Inn.

9. Bumpers conducted meetings in Maryland 2-3 times per month for the purpose of soliciting investors in NCH. He did solicit, and accept, investments in NCH while in Maryland, conducting meetings at the Largo Holiday Inn.

10. At least 16 Maryland residents invested in NCH as a result of those meetings and representations. In excess of \$1.5 million was invested by Maryland residents.

(a) Several investors paid into the “cash investment” program. Others borrowed against their credit and paid into the “note” investment program. At least sixteen investors were in the “notes” programs, for a total investment of over \$1 million.

(b) Many of those who had invested in the notes programs took out loans or entered into lease agreements with third-party equipment companies, ostensibly to acquire and deliver to NCH pieces of construction equipment. Those investors now are facing collection actions by the equipment leasing companies. At least six investors put a total of nearly \$500,000 into that program.

11. Payments on the various investments ceased around mid-2008: no further cash payments at meetings, no payments on notes, and no payments to equipment-leasing companies have been made. Since then investors have received no payments from NCH; some never received any return.

12. Investors were not told that the New Century Homes construction business had ceased operating, without repaying invested funds.

13. Instead, Bumpers sent investors a letter in May 2008 that NCH had merged with a company in the Gulf area, and soon would begin manufacturing steel in the Hurricane-Katrina-distressed area. The letter expected profit in 90 days. No payments were forthcoming.

14. Soon after, calls or e-mail to Bumpers, Bethea, or NCH went unanswered. Some investors have been told that anyone cooperating in the Securities Division’s investigation of NCH would not be repaid.

15. Investors were not told about prior business failures, lawsuits, or bankruptcy filings by Bethea or Bumpers.

16. The Securities Division has no record of securities registration for an offering by the name of “New Century Homes,” nor has any claim of exemption or status as a federal-covered security been made

with the Division with respect to any such offering.

17. NCH is not registered with the Division as a broker-dealer, securities agent, investment advisor or investment advisor representative.

18. Eric Bethea is not registered with the Division as a broker-dealer, securities agent, investment advisor or investment advisor representative.

19. Travis Bumpers is not registered with the Division as a broker-dealer, securities agent, investment advisor or investment advisor representative.

IV. CONCLUSIONS OF LAW

20. Respondents violated section 11-501 of the Securities Act by offering or selling unregistered securities in Maryland in the form of promissory notes or investment contracts, for which no claim of preemption or exemption has been filed.

21. Respondents violated section 11-401(a) of the Act by transacting business in the offer or sale of securities in Maryland as a broker-dealer or securities agent, without being registered pursuant to the Act.

22. Respondents violated section 11-402(a) of the Act by employing unregistered agents for the offer or sale of securities in Maryland.

23. Respondents violated section 11-301 of the Act by making material omissions and misrepresentations in connection with the offer or sale of securities.

V. ORDER

IT IS HEREBY ORDERED THAT:

24. Respondents, and each of them, their employees, agents, and all persons acting under their control, permanently cease and desist from offering or selling securities, in or from Maryland, in violation of the Securities Act, from offering and selling any securities whether registered or exempt from registration,

and from engaging in any transaction exempted under the Act; and it is further ORDERED that

25. Respondents are permanently barred from engaging in the securities business in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged; and it is further ORDERED that

26. Respondents, jointly and severally, are assessed a civil monetary penalty of \$660,000 for violations of the Securities Act pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General.

VI. JURISDICTION RETAINED

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

VII. NOTICE OF APPEAL RIGHTS

28. Pursuant to the Code of Maryland Regulations, COMAR 02.02.06.24, each Respondent has the right to file an appeal of this Order with the circuit court of Maryland. Any appeal must be filed within 30 days from the date this Order is mailed by the Division.

IT IS SO ORDERED:

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

MELANIE SENTER LUBIN
Securities Commissioner

August 4, 2011