

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF: *

LARRY CUNNINGHAM *

and *

LBC REAL ESTATE * Securities Division No. 2010-0305

DEVELOPMENT, INC., *

RESPONDENTS. *

* * * * *

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Securities Division of the Office of the Maryland Attorney General, 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. 2011) (the "Securities Act"), undertook an investigation into the securities-related activities of Larry Cunningham and LBC Real Estate Development, Inc. (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 set forth at 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 each 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, neither Respondent 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 matter and over Respondents pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. Larry Cunningham at all relevant times was the principal of LBC Real Estate Development Inc.

3. LBC Real Estate Development Inc. ("LBC"), a Maryland corporation with its address in Baltimore, at all relevant times held itself out as being in the business of renovating and selling houses.

III. FINDINGS OF FACT

4. Cunningham and LBC were in the business of renovating houses and then reselling them at a profit.

5. In late 2007, Respondents sought capital to undertake the restoration of houses.

6. Respondents approached a Maryland resident with a proposal that he invest \$35,000 in LBC. Respondents then were to restore a couple of properties and pay back the investor \$60,000 in about three months. The investor entered into a "Property Investment Agreement," signed by Cunningham and setting forth these details, in December 2007.

7. Cunningham then told the investor that he needed an additional \$5,000 for property "legal fees." On February 29, 2008, they signed an Agreement calling for repayment of the \$5,000, plus \$1,000 in profit, in a week.

8. No renovation project was completed, and the time for repayment was extended to four months. An “Amendment to Property Agreement” noted that the \$35,000 was to be for restoration of a list of twenty projects, and was due and payable March 31, 2008.

9. About March 5, 2008, LBC gave the investor a check for \$6,000. It was returned due to insufficient funds.

10. Cunningham promised to repay in installments, but no payments have been made.

11. Respondents have not produced information about possible other Maryland investors.

12. There is no record of registration, a claim of exemption from registration, or qualification as a federal covered security filed with the Division by or on behalf of LBC.

13. LBC is not registered with the Division as a broker-dealer or an agent to transact securities business in this state.

14. Cunningham is not registered with the Division as a broker-dealer or an agent to transact securities business in this state.

IV. CONCLUSIONS OF LAW

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

18. 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.

19. Respondent LBC Real Estate Development violated section 11-402(a) of the Act by employing Cunningham as an unregistered agent for the offer or sale of securities in Maryland.

20. 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:

21. 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

22. 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

23. Respondents, jointly and severally, are assessed a civil monetary penalty of \$50,000 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

24. 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

25. 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 thirty (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

May 21 , 2012

