ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:	*	
		Case No. 2012-0333
Scott Ransom Steele	*	
and	*	
SteeleSoft Management, LLC	*	
and	*	
SteeleSoft, Inc.	*	
and	*	
RealEasi Direct, LLC	*	
and	*	
OfferRings Direct, LLC	*	
and	*	
RealEasi, LLC	*	
and	*	
OfferRings, LLC	*	
and	*	
iAuto Mortgage Corporation	*	
and	*	
3S/RealServ, Inc.	*	
Respondents.	*	

* * *

SUMMARY ORDER TO CEASE AND DESIST
AND
ORDER TO SHOW CAUSE

WHEREAS, the Maryland Securities Division (the "Securities Division"), pursuant to the authority granted in Section 11-701 of the Maryland Securities Act, Md. Ann. Code, Corps. & Ass'ns (2007 Repl. Vol. and 2012 Cum. Supp.) (the "Securities Act"), initiated an investigation into the activities of Respondents SteeleSoft Management, LLC ("SteeleSoft Management"), SteeleSoft, Inc. ("SteeleSoft"), iAuto Mortgage Corporation ("iAuto"), 3S/RealServ, Inc. ("3S/RealServ"), RealEasi Direct, LLC ("RealEasi"), OfferRings Direct, LLC ("OfferRings Direct"), RealEasi, LLC ("RealEasi"), and OfferRings, LLC ("OfferRings") (collectively, the "Companies"), other affiliated entities, and their principal, Scott Ransom Steele of Catonsville, Maryland (collectively the "Respondents"); and

WHEREAS, the Maryland Securities Commissioner (the "Securities Commissioner") has found that grounds exist to allege that Respondents violated the Securities Act by engaging in violations of Sections 11-301, 11-401, 11-402 and 11-501 of the Securities Act; and

WHEREAS, the Securities Commissioner has reason to believe that Respondents may be engaged in continuing violations of the Securities Act.

NOW, THEREFORE, pursuant to Section 11-701 of the Securities Act, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order, it is hereby;

ORDERED, that Respondents immediately cease and desist from further violations of the Securities Act; and it is further

ORDERED, that each Respondent show cause why that person should not be barred permanently from engaging in the securities and investment advisory business in Maryland, and

why a monetary penalty should not be entered against that person; and it is further

ORDERED, that each Respondent show cause why a final order should not be entered against that person, ordering that person to cease and desist from further violations of Sections 11-301, 11-401, 11-402 and 11-501 of the Securities Act.

Willful violation of this Order could result in criminal penalties under Section 11-705 of the Securities Act.

The Securities Commissioner alleges the following as a basis for this Order:

I.

JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 11-701 of the Securities Act.

II.

RESPONDENTS

2. Respondent SteeleSoft Management is a Maryland corporation, chartered in 2005. According to charter documents, SteeleSoft Management provides "management and other services." SteeleSoft Management's corporate charter was forfeited in 2012 for failure to file personal property tax returns.

3. Respondent SteeleSoft is a Maryland corporation, chartered in 2004. According to charter documents, SteeleSoft provides "product licensing" services. SteeleSoft's corporate charter was forfeited in 2012 for failure to file personal property tax returns.

4. Respondents RealEasi and RealEasi Direct are Delaware limited liability companies, successors to OfferRings and OfferRings Direct. The LLCs were originally formed

as OfferRings and OfferRings Direct in 2005.

5. iAuto was a Maryland corporation, formed in November 2000. iAuto's corporate charter was forfeited in 2007 for failure to file personal property tax returns.

6. 3S/RealServ was a Maryland corporation, formed in 2004. 3S/RealServ's corporate charter was forfeited in 2012 for failure to file personal property tax returns.

7. In addition to the foregoing Companies, Respondent has or has had full ownership of other companies over the years, including 3S/RealPro Corp., 3S Development LLC ("3S Development"), 3S Delaware, Inc., and Steele Sportfishing Services Corp. ("Steele Sportfishing").

8. Ilendit and 3SRealServ are DBAs used by Respondent Steele in the course of his business of soliciting monies for a prospective business involving "one-stop" loan services, including on an internet website maintained by Steele.

9. The Securities Division's records reflect that Steele is not now, nor has he ever been registered in Maryland as a broker-dealer or broker-dealer agent or investment adviser or investment adviser representative. Nor is he registered in Maryland as an issuer agent.

10. The Securities Division's records reflect that none of the Companies now are, nor have they ever been, registered in Maryland as broker-dealers or investment advisers.

III.

STATEMENT OF FACTS

Preliminary Background Regarding Scott R. Steele And His Software Business

11. In the 1990's, Respondent Steele's former company, Steele Software Systems Corporation ("SSS"), began contracting with national banks in the implementation of a computerized software and automation system known as the Automated Title and Appraisal

Processing Service, or ATAPS, that helped banks significantly expedite their loan approval processes and in turn generate more business and revenues. SSS's customers included First Union National Bank.

12. SSS gained some notoriety in 2002 when a Baltimore City jury awarded the company a $276 million judgment against First Union in a lawsuit initiated by SSS in connection with the ATAPS software system-related service agreement. In late 2003, the Maryland Court of Special Appeals overturned a significant portion of the damages awarded to SSS in the First Union lawsuit, cutting the judgment down by $239 million to $37 million.

13. In 2005, Steele began promoting the offer and sale of investments in an entity offering loan products, settlement services and other financial products and services through a "unique internet transaction management system." Respondent attempted to sell the program to various banking institutions, including national banks, credit unions and other financial institutions.

14. Respondents' business model, OfferRings Direct, which in 2011 became known as RealEasi Direct, involved enlisting investors in the recruitment of real estate professionals "to operate as National Marketing Agent[s] and Local Marketing Agents . . . by leveraging the personal and professional relationships . . . with individuals and organizations . . . ." In 2008, Respondent began marketing the investments to individual prospective investors.

Investments Offered And Sold By Steele

Investments Offered And Sold To WJS, And The Estate For WJS

15. In early 2008, Steele sold $2 million in RealEasi investments to a friend and business associate, a Maryland resident and local businessman, WJS. Ultimately, the investments evolved into the ownership of LLC interests. After WJS's death in January 2011, Steele issued to WJS's estate RealEasi Class B membership interests memorialized by

certificates for 833,334 shares and 2.125 million shares respectively. Steele also provided the Estate with a signed LLC Operating Agreement.

16. Steele offered and sold to WJS other investments, which were memorialized by a memo signed by WJS' widow, the executrix of his Estate, and Steele. The memo stated that WJS and Steele "agreed that for all of [WJS's] assistance, loans and capital contributed for the benefit of RealEasi Direct LLC (and/or any other entity previously discussed) over the years, [WJS's] $3.25 million of capital will be treated as $4.1 million . . . which equates to 2.5% to [WSJ's] heirs. . . ."

17. In an email dated July 22, 2011, in response to the Estate attorney's demand for payment on WJS's investments, Steele stated that "I . . . explained that the repayments [to the Estate] would be forthcoming as soon as I started generating funds from the PPM [for RealEasi Direct]." He continued, "We are diligently working on raising these funds and I will make payments, in the smaller increments as these funds are raised. As you are aware, there was a slight delay in finalizing things." Essentially, Steele admitted to paying earlier investors with new investor monies.

18. Steele cautioned the Estate's attorneys against distributing the RealEasi Direct private placement memorandum to the public. He stated in that same email, "As far as the link to the PPM, that is for potential investors, and is unrelated to the Class B shares. Providing these documents is something that is tightly controlled, confidential and can not [sic] just be passed around. This also requires a non-disclosure agreement to be executed."

19. On October 11, 2011, at WJS's counsel's request, Steele signed a plain paper letter stating that "[a]s evidenced by [WJS's] previous investments, assistance, and other valuable consideration provided, Class B shares were issued in RealEasi Direct, LLC, which equate to 2.5% of the outstanding shares of RealEasi Direct, LLC. It is my belief that the value

of these shares are worth the amounts [WJS] originally invested." The letter did not identify the specific amounts invested notwithstanding that the Estate's attorney had specifically requested its inclusion.

20. In the October 11, 2011 letter, Steele acknowledged that he had been requested by counsel for WJS's Estate to cooperate "with a formal appraisal of [WJS's] interest in RealEasi Direct, LLC." Steele stated in that letter, "As previously discussed at our initial meeting with [WJS] and his advisors, as explained then and in subsequent meetings, for various reasons, the request for a valuation is not able to be accommodated at this time."

21. In payment of monies owed on the outstanding investments, Steele provided WJS's estate with three $25,000 checks, drawn on SteeleSoft's BB&T account and made payable to "Scott R. Steele", in payment of monies owed on the outstanding investments. Those checks were unable to be cashed because of insufficient funds. WJS's investments and those of his Estate remain largely outstanding.

Investments Offered And Sold To JO

22. Florida resident and long-time Steele acquaintance JO invested monies in OfferRings Direct. Steele, operating from his principal place of business in Maryland, sent JO information that the company had "partnered with a federal savings bank to create a nationwide single source solution known as *OfferRings* . . . a sophisticated, proven, technology-based integrated transaction management system known as the 'itms' to achieve total process and transaction integration." According to the marketing materials provided to JO, "*OfferRings* represents the future of the mortgage finance and settlement services industries."

23. In July 2008, JO invested $125,000 in OfferRings Direct, and he agreed to invest an additional $375,000 upon evidence of cash flow. JO did not receive documentation memorializing the investment. Steele also solicited JO to invest additional monies, and he

provided JO with an unsigned "Promissory Installment Note" in the principal amount of $375,000 with a term of 90 months. The payee was listed in the note as "OfferRings Direct, LLC," at 5700 Executive Drive, Baltimore, MD 21228. The note was never executed, however.

24. As time went on after JO's 2008 investment was made, OfferRings Direct became RealEasi Direct. Steele provided JO with a RealEasi Direct "Business Plan" and "Executive Summary" dated December 2011, and with marketing agreements and private placement memoranda. JO pressed Steele for documentation actually reflecting his interest in the limited liability company and its software systems process. Eventually Steele provided JO with LLC certificates dated February 14, 2012, reflecting Class B membership interests in RealEasi Direct.

25. Recently, in January 2013, even after an awareness of a Securities Division investigation into his activities, Steele corresponded with JO via email, enclosing other investment-related documents and soliciting for JO's further investment into RealEasi Direct. According to Steele, "[a]s you can see, we have enhanced the distribution model, which I will explain further when I speak to you." Steele requested that JO along with other interested investors forward investment monies and signed documents to him by January 18, 2013.

26. JO, unhappy with the lack of developments with his current investment in RealEasi, declined to invest further, and his $125,000 investment remains outstanding.

Investments Offered And Sold To JS

27. After being solicited by Steele, investors JS and PM, both Maryland residents, partnered together to invest in RealEasi Direct. Steele prepared and executed an "Agreement For Early Adapter" dated December 2011, whereby RealEasi Direct proposed that the partners purchase "a minimum of $100,000, which equates to 4 Units of 25,000 shares in RealEasi Direct, LLC, as Class B Membership Units . . . or totaling 8 Units collectively." The agreement offered JS and PM certain "discounts" for investing prior to the actual start-up phase of the

company.

28. Pursuant to the Agreement, JS and PM made investments payable to RealEasi Direct.

29. JS provided his investment monies in the form of a $75,000 check dated December 15, 2011, with the notation "75,000 shares – 3 Units of Class B RealEasi." JS's $75,000 investment was deposited into Steele's personal bank account at Bank of America. Later JS provided Steele with two investment checks each in the amount of $8,125 dated January 30 and 31, 2012.

30. PM wired $25,000 in investment monies to a Bank of America bank account for the benefit of RealEasi. PM also directly deposited investment monies totaling $8,125 into RealEasi Direct's Bank of America account.

31. Steele provided JS and PM with RealEasi Direct Class B membership certificates. JS received four certificates dated December 2011, for a total of 200,000 shares. PM received two certificates dated December 2011, for a total of 100,000 shares.

32. In August 2012, the partners invested an additional $5,000 each in RealEasi Direct, and provided Steele with a $10,000 check dated August 27, 2012.

33. To date JS and PM's RealEasi Direct investments remain outstanding.

Investments Offered And Sold To GG

34. Investor GG of Hanover, Maryland, invested in RealEasi Direct in August 2011 after being solicited to invest by Steele, a high school acquaintance. Steele advised GG that he was required to sell a certain number of RealEasi Direct shares prior to the time that the company's new integrated software was released. Steele advised GG that the minimum investment was $25,000, and that he had between 1000 to 1 million shares available for purchase. Steele did not provide GG with any disclosure materials. According to Steele, if the

company did well, it would offer quarterly dividends.

35. After hearing a brief presentation, and being advised that there were other investors including numerous out-of-state investors, GG invested $25,000. Steele provided GG with two LLC certificates reflecting Class B membership in RealEasi Direct. Steele also caused GG to execute a "Promissory Note" dated August 22, 2011, memorializing GG's $25,000 investment and allowing GG to finance payment on one of the LLC certificates by way of "monies generated by the Class B Certificates . . . until such note is paid in full."

36. To date, GG has not received any evidence of monies generated by the Class B Certificates. GG's investments remain outstanding.

Investments Offered And Sold To DS

37. Investor DS of Ellicott City, Maryland invested in RealEasi Direct beginning in October 2011. Steele prepared and executed a "Proposal For Early Adapter" whereby RealEasi Direct proposed that DS purchase "a minimum of $250,000, which equates to 10 Units in the Private Placement, or $350,000, which equates to 14 Units in the Private Placement (Class A Membership Units) by 10/27/11." The agreement offered DS certain "discounts" for investing prior to the actual start-up phase of the company, as well as other investment-related opportunities.

38. Pursuant to the Proposal, DS made investments payable to RealEasi Direct, in October 2011, December 2011, January 2012 and July 2012. Altogether, DS's investments in RealEasi Direct totaled $146,700. Also DS relinquished an interest in certain real property located in Howard County, Maryland to one of Steele's companies, 3S Development, LLC, in connection with the RealEasi investment. On information and belief, that interest was valued at approximately $40,500. Eventually, Steele provided DS with three RealEasi Class B

membership certificates dated July 12, 2012.

39. One of DS's RealEasi Direct investments was made payable directly to "Scott Steele." That check was deposited into Steele's personal bank account at Bank of America.

40. On January 26, 2012, Steele executed an agreement with DS, whereby DS agreed to pay $22,200 to become a RealEasi marketing agent.

41. In July 2012, DS signed a Promissory Note acknowledging that he agreed to pay $25,000 for the purchase of 25,000 RealEasi Direct Class B shares.

42. On July 5, 2012, Steele executed another licensing agreement with DS, whereby it was acknowledged that DS paid the required $22,200 to become a RealEasi marketing agent, requiring him to invest additional amounts by certain dates.

43. On information and belief, DS's RealEasi Direct investments remain outstanding.

Investments Offered And Sold To SA

44. In June 2012, Steele solicited SA, a SteeleSoft Management employee who invested $50,000 in RealEasi Direct. In exchange, she received two RealEasi Direct Class B membership interest certificates – one for 25,000 units and the other for 50,000 units, both dated June 12, 2012. Before SA purchased the investments, Steele represented to her that the investments would be profitable. Steele failed to disclose to SA the risks relating to her investment. In February 2013, SA requested a return of her investment monies, and to date no restitution has been made.

Investments Offered And Sold To SB, And RealEasi Direct Promissory Note Sales Through SB's Unregistered Agent, SB

45. In January 2011, Steele solicited investor SB, a Severna Park, Maryland resident, who invested $75,000 in "OfferRings, LLC dba RealEasi or assigns." The purchase was made through a revocable living trust in his name. SB agreed to make additional investments on or

before December 31, 2011 and December 31, 2013, respectively.

46. Steele provided SB with documentation stating that SB's living trust would be "provided a $300,000 LLC membership interest in a structure that will be formalized prior to the launch of the RealEasi business model . . . ." The RealEasi Direct investment document further stated that the "membership interest will be structured as a percentage of the total capital raise of the amount of $17,500,000 . . . . equating to the membership interest in the pro-rate [sic] share" of the company's monthly income.

47. SB did not make any additional investments in RealEasi Direct, nor did he receive any payments from any Steele entity in connection with his investment. SB's $75,000 investment in RealEasi Direct remains outstanding.

48. In 2011, Steele hired SB to raise investment monies for RealEasi Direct pursuant to a private placement of the company's shares. SB was a former registered broker-dealer agent and investment adviser who had been terminated by his broker-dealer employer in April 2011 for allegedly violating firm policies, including allegedly settling a claim with a customer without providing disclosure to the firm. FINRA suspended SB from association with any FINRA member for five months in connection with the conduct leading to his termination.

49. SB was not registered to sell securities at the time Steele hired him – indeed he could not become registered as a securities agent because of his FINRA suspension. Nonetheless, at Steele's behest, SB began offering and selling RealEasi Direct promissory note investments to friends and relatives.

50. SB raised approximately $435,000 in investment monies for RealEasi Direct through the sale of promissory notes. Each of the investors solicited by SB received promissory notes signed by Steele on behalf of RealEasi Direct, promising to pay a six percent return with

principal and interest due within one year. No disclosure materials were provided to investors at the time of or after the investments were made.

51. The terms of RealEasi Direct notes provided that "[t]he BORROWER intends to raise outside capital and make equity investments available through a private placement memorandum, then the Lender may convert such note into the offering . . . . it is anticipated that the BORROWER will file a Regulation D 506 filing to raise the above mentioned capital. It is anticipated that the BORROWER may elect to file a Private Placement Memorandum in an effort to raise such capital."

52. The terms further provided that "BORROWER anticipates placing LLC membership units of the BORROWER for participation for these new funds and previous amounts committed to the BORROWER. The BORROWER does not guarantee any results or warrant anything else and any representations will be subject to any and all disclosures and disclaimers within said future documents. It is anticipated that such filing shall be complete by July 31, 2011."

53. The terms further provided that "[t]he Lender may decide to convert this note upon the review of the relevant documentation and has until 12/31/2011 to elect such conversion or the note will be repaid in accordance with the terms herein. In consideration of such, any Lender that converts to such offering will receive 112% of the Loan Amount towards the membership units, cancelling the note and any interest that would become due interest at the maturity of this note."

54. Despite the suggestion contained within notes offered and sold by SB on behalf of Steele, RealEasi Direct did not make any Regulation D 506 filing, or any other filing with the United States Securities and Exchange Commission, or with the Maryland Securities Division.

Furthermore, although the promissory notes promised investors quarterly payments, RealEasi Direct was not consistent in making the quarterly payments, which were often late, and the payments ceased to be made.

55. In August 2012, MP and MP, a husband and wife to whom SB sold $35,000 in a RealEasi Direct note, filed suit in Baltimore County Circuit Court. Before filing suit, MP (the husband) sent Steele a letter stating that he and his wife "invested $35,000 in the above referenced note . . . . We were initially excited to enter into the RealEasi Promissory Note with an option to roll our investment and a stated premium amount allotted by you into the RealEasi Direct equity investment. However, our perception to date of your attention to detail and concern for our financial well-being leads us to only one conclusion. We would like to make sure you are aware that we have no intention of rolling our monies into the RealEasi Direct equity investment."

56. Recently, as part of a resolution of the lawsuit, MP and MP each signed affidavits, sent by Steele's attorney to the Securities Division, stating that they "loaned" RealEasi Direct the sum of $35,000 and that they did not deem "the instrument at issue to be a security." The affidavit further stated, "[r]ather, we understood the instrument to evidence a commercial loan to RealEasi whereby we were to receive interest payments and the principal amount to be repaid at a date certain in the future." The note also disavowed any participation by Steele in the offer and sale of the note, which like all of the other notes sold by SB was executed by Steele on behalf of RealEasi Direct.

57. Among the investors obtained by SB to make the RealEasi Direct promissory note investments were senior citizens and living trust entities. Except for MP and MP, who settled their lawsuit with Steele, investors remain unpaid even after making numerous written demands

for repayment.

Sales Of iAuto Debenture Investments

58. Back in 2000, Steele also offered and sold debenture investments in iAuto to numerous investors, including some of the same Maryland investors who later purchased the RealEasi Direct promissory notes, and WJS. Steele touted iAuto as an innovative software system for automobile dealers to use to fund car loans through customers' home equity lines of credit. The debenture notes offered six percent interest, and contained language that SSS "hereby guaranties [sic] the prompt payment and performance of the obligations of the Corporation pursuant to this Debenture Note."

Steele's Investment Solicitations, and the RealEasi Direct Private Placement Memoranda

59. Steele, at SteeleSoft's Catonsville, Maryland office, regularly made presentationsseeking to sell RealEasi Direct investments to individuals and institutional investors. Steele made power-point presentations to prospective investors – only Steele was present on behalf of RealEasi Direct during those presentations.

60. Steele regularly emailed RealEasi Direct's private placement memorandum to prospective investors with a password that would automatically expire after a certain period of time. He frequently asked investors to sign non-disclosure agreements regarding prospective investments.

61. Steele refused to allow the Companies' books and records to be audited in accordance with GAAP, or to give members of his in-house finance team full access to those books and records.

62. Although Steele provided private placement memoranda to investors, in many

instances neither Steele nor his sales agent SB provided to investors the actual private placement memoranda until the investments had already been made. On information and belief, there was no OfferRings Direct private placement memorandum and those who invested in OfferRings received the RealEasi Direct PPM after they had made the Offerings Direct investments. Furthermore, those persons who purchased promissory note investments through SB – including iAuto and RealEasi Direct notes – did not receive a PPM or any other written disclosure document.

63. The RealEasi private placement memorandum contained misrepresentations and was misleading. For example, the PPM dated July of 2011 alleged that "the Company is not presently a party to any material litigation, nor to the knowledge of management is any litigation threatened against the Company, which may materially affect the business of the Company or its assets." The PPM failed to provide any information regarding litigation involving RealEasi's managing member, Steele, or affiliated entities, as discussed below.

Current Status of Investments Including iAuto

64. Steele's executive personnel spent years performing "test loans" of his integrated software system. No substantive revenue stream was ever generated from actual RealEasi Direct company operations, however, as major financial institutions failed to sign onto the program as needed for the system to be profitable. Nor did RealEasi Direct have the computer systems needed to support the type of operation contemplated by the RealEasi Direct business model, or have the support personnel necessary to run such a program (particularly with respect to lending).

65. iAuto did not become operational. The iAuto debenture note investments, which appear to have been due in five years, remain outstanding, and Steele has largely ignored recent

demands for payment on the debenture notes. Investors did not receive risk disclosures relating to their iAuto investments, and, furthermore, some investors did not receive notes or other documentation memorializing their investments as Steele had promised.

66. By the summer of 2012, Steele was behind on his obligations to RealEasi Direct and other investors. He was behind on rent for his business office at Executive Drive. He had fallen behind on payroll obligations to his employees. Steele also was behind on loan payments due to BB&T – he owed more than $5 million on a line of credit with BB&T. According to legal filings made in early 2013, no payments had been made on the BB&T line of credit since March 2011.

67. In August 2011, federal marshals seized a yacht owned by one of Steele's companies. The yacht was secured by a lien in connection with the line of credit owed to BB&T.

Non-Disclosures Of Material Information To Investors Regarding Steele's And His Companies' Past Litigation & Litigation Practices

68. Respondents did not make the proper disclosures of material information to investors before or around the time of soliciting investments in iAuto, OfferRings Direct, or RealEasi Direct as required under applicable securities law.

69. Respondents failed to provide prospective investors with disclosures relating to bankruptcies he filed on behalf of SSS and/or 3S Delaware in the United States Bankruptcy Courts in Delaware and Baltimore, Case Nos. 06-10413 (Delaware), 08-13068 (Delaware) and 08-26394 (Maryland).

70. Respondents likewise failed to provide prospective investors with information regarding extensive and contentious arbitration and litigation involving DataQuick and a law firm that represented Steele in connection with appeals relating to DataQuick. The monies owed

to those creditors appeared to have precipitated the 2008 bankruptcy filings.

71. The litigation history pertaining to Steele and his companies, subsequent to the First Union judgment, was relevant disclosure because it demonstrated Steele's attempted abuse of, and failure to cooperate in, the litigation process, as well his propensity for making business decisions during litigation that ultimately led to significant liability and damages.

72. Adverse litigation-related information that developed from the DataQuick arbitration included the following.

- Steele had the opportunity to resolve for $60,000 DataQuick's claims regarding SSS's non-payment for DataQuick's involvement in ATAPs. That settlement agreement was terminated because of Steele's refusal to cooperate in making required payments. The parties agreed to submit their disputes to arbitration, ultimately leading to a much greater liability for SSS's successor, 3S. Despite that agreement, Steele refused to cooperate in the proceedings, including by failing to attend the arbitration hearing.

- During the arbitration, DataQuick demonstrated that Steele and SSS were unjustly enriched by $37 million of the First Union judgment using evidence introduced at the First Union trial showing that DataQuick was not properly paid for services rendered to SSS with the First Union contract.

- Before the decision was rendered in the DataQuick arbitration proceeding, Steele caused SSS to file suit in the United States District Court for the District of Maryland seeking declaratory and injunctive relief against the arbitration proceeding. The Hon. J. Frederick Motz dismissed the motion as "frivolous" and possibly "sanctionable."

- Steele failed to participate in the DataQuick post-hearing arbitration proceedings, or to agree to conditions whereby the arbitration record could have been re-opened. The arbitrator drew negative inferences from SSS's lack of cooperation, which led to the award of more than $6 million against Steele's company.

- After the USCA affirmed the arbitration award in Case Nos. 06-1227 and 06-2056 (an appeal and cross-appeal), Steele in his personal capacity filed suit in the Fourth Circuit United States Court of Appeals against Judge Motz claiming he should have recused himself in the pre-decisional DataQuick arbitration appeal. The claims were ultimately dismissed.

73. In the Delaware bankruptcy case, No. 06-10413, the judge specifically stated that

3S was guilty of "forum shopping at its worst." That case was voluntarily dismissed by 3S on June 28, 2006 after the U.S. Trustee assigned to the case filed a motion stating that he believed that SSS transferred its assets to 3S Delaware and filed for bankruptcy in Delaware specifically to shield the assets of SSS from DataQuick (and that 3S's counsel admitted to that).

74. In 2008, 3S was sued in Maryland state court by a Baltimore law firm, Whiteford Taylor & Preston ("WT&P"). According to legal pleadings filed in another case (3S's 2008 bankruptcy, discussed *infra*), as of November 28, 2008, 3S and Steele owed WT&P more than $895,000 in legal fees. In December 2005, 3S had retained WT&P to represent them in the appeal of the DataQuick arbitration award.

75. After numerous efforts to delay a trial scheduled for December 1, 2008 on WT&P's legal fees claim, and an alleged refusal to cooperate with discovery and other processes relating to that litigation, 3S filed for bankruptcy in the United States Bankruptcy Court for the District of Delaware (Delaware), Case No. 08-13068, on November 26, 2008 – five days before the WT&P fee trial was to begin in Maryland State court.

76. Ultimately 3S's 2008 bankruptcy filed in Delaware was transferred to the United States Bankruptcy Court for the District of Maryland (Baltimore), Case No. 08-26394, whereupon 3S and Steele, after obtaining a delay of the State court action initiated by WT&P, sought to have the bankruptcy dismissed. Other creditors, however, including DataQuick and its legal team at Venable LLP – objected to the dismissal of the case because of claims pending in federal court.

77. Later in 2008, that case was dismissed by the Baltimore bankruptcy court and the pending litigation involving WT&P was continued in State court. At one point, Steele counterclaimed against WT&P, alleging that the firm's representation delayed his company's

product launch and caused damages of approximately $9 million. In January 2008, 3S's counterclaim was dismissed, and in January 2010 the case settled for an undisclosed amount.

78. Other legal actions have been initiated against Steele and/or the Companies by former employees and various creditors, including the law firm of Learch, Early and Brewer, American Express, and BB&T. Among other suits, Steele and a related entity, Cayman Arts, LLC, were sued in federal court for an alleged trademark infringement.

Non-Disclosures Regarding Companies' Recent Bankruptcies

79. In late 2012 and early 2013, Steele and two of his companies, SteeleSoft and Steele Sportfishing, filed for bankruptcy in the United States Bankruptcy Court for the District of Maryland (Baltimore). Steele did not disclose to prospective investors in RealEasi Direct and other affiliated entities any adverse financial information regarding or possibility of a bankruptcy filing by related entities, nor were existing investors informed of the bankruptcy filings. Furthermore, even after filing the bankruptcies, Steele continued to solicit investments in RealEasi Direct without providing information regarding the 2012 bankruptcy filings.

Non-Disclosures Of Material Information To Investors Regarding Steele's And His Companies' Financial Practices And Performance

80. Steele did not disclose to prospective investors relevant financial information regarding affiliated entities, including irregularities in the Companies' finances, extensive inter-company loans and transfers of monies between Company bank accounts, extravagant purchases of real estate and other valuable properties after the substantial sum of approximately $40 million was withdrawn from SSS as a dividend, and poor financial performance and losses for affiliated entities.

No Securities Registration Or Exemption For Recent Offerings

81. The Securities Division's records reflect that there is no record of any securities

registration, or claim of exemption or status as federal-covered securities issued under the name "Scott Steele," "Scott R. Steele," "iAuto," "OfferRings," or "RealEasi." Furthermore, a search of the United States Securities and Exchange's EDGAR filings reveals no information regarding any filings under those names. The Securities Division's records reflect only that Steele filed for certain debenture offerings more than 15 years ago, in 1995 and 1997, under the name "Steele Software Systems," long before the iAuto, OfferRings Direct and RealEasi securities offerings referenced in this Order.

COUNT I

(Offer and Sale of Unregistered Securities - Section 11-501)

(Respondents Steele, iAuto, OfferRings Direct, and RealEasi Direct)

WHEREAS, Section 11-501 of the Securities Act makes it unlawful for any person to offer or sell a security in this State unless the security is registered, exempt from registration under Subtitle 6 of the Securities Act, or qualifies as a federal-covered security; and

WHEREAS, Respondents offered and/or sold investments in iAuto, OfferRings Direct, and RealEasi Direct; and

WHEREAS, Section 11-101(r) of the Securities Act broadly defines the term "security" to include those investments listed at (1)(i) through (1)(xvi); and

WHEREAS, Section 11-101(r)(i) of the Securities Act defines a note as a security; and

WHEREAS, Section 11-101(r)(i)(ii) of the Securities Act defines a debenture as a security; and

WHEREAS, Section 11-101(r)(1)(vi) of the Securities Act defines any evidence of indebtedness as a security; and

WHEREAS, Section 11-101(r)(1)(vii) of the Securities Act defines any certificate of interest or participation in any profit-sharing agreement as a security; and

WHEREAS, Section 11-101(r)(1)(xi) defines any investment contract as a security; and

WHEREAS, the notes, debentures, evidence of indebtedness, certificates of interest or participation in profit-sharing agreements, and investments agreements issued in connection with iAuto, OfferRings Direct and RealEasi Direct are securities under Maryland law; and

WHEREAS, the securities investments offered and/or sold by Respondents Steele, iAuto, OfferRings Direct, and/or RealEasi Direct, are not registered with the Securities Division, nor has a claim of exemption from registration or a claim that the securities are federal-covered securities been filed with respect to the above-referenced offerings; and

WHEREAS, Respondents Steele, iAuto, OfferRings Direct, and RealEasi Direct have offered and/or sold securities in violation of the registration requirements of Section 11-501 of the Securities Act.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents Steele, iAuto, OfferRings Direct and RealEasi Direct cease and desist from offering and/or selling securities investments in or from Maryland, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under Section 11-705 of the Securities Act; and it is further

ORDERED that Respondents Steele, iAuto, OfferRings Direct and RealEasi Direct show cause why a final order should not be issued against them that orders those Respondents to cease and desist from further violation of Section 11-501 of the Securities Act, assesses those Respondents the statutory penalty of $5,000 per violation of Section 11-501, permanently bars those Respondents from the securities and investment advisory business in Maryland and orders

any other sanction or combination of sanctions against those Respondents as permitted under Section 11-701.1.

COUNT II

(Agent Registration Violation – Section 11-401)

(Respondent Steele)

WHEREAS, Section 11-401 of the Securities Act makes it unlawful for any person to transact business in the offer and sale of securities in this State as a broker-dealer or agent unless that person is registered as a broker-dealer or broker-dealer agent; and

WHEREAS, the Securities Act defines "broker-dealer" to mean a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, the Securities Act defines "agent" to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, Respondent Steele has transacted business as an agent in this State by effecting securities transactions while not registered with the Securities Division as a broker-dealer or agent, in violation of Section 11-401 of the Securities Act.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Steele cease and desist from acting as an unregistered broker-dealer or agent, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under Section 11-705 of the Securities Act; and it is further

ORDERED that Respondent Steele show cause why a final order should not be issued against him that orders Respondent Steele to cease and desist from further violation of Section 11-401's broker-dealer/agent registration provisions, assesses Respondent Steele the statutory penalty of $5,000 per violation of Section 11-401's broker-dealer/agent registration provisions, permanently bars Respondent Steele from the securities and investment advisory business in Maryland, and orders any other sanction or combination of sanctions against Respondent Steele as permitted under Section 11-701.1.

COUNT III

(Employment of Unregistered Agent - Section 11-402)

(All Respondents)

WHEREAS, Section 11-402(a) of the Securities Act makes it unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered; and

WHEREAS, the Securities Act defines "broker-dealer" to mean a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, the Securities Act defines "issuer" to mean any person who issues or proposes to issue a security; and

WHEREAS, the Securities Act defines "agent" to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, it appears to the Securities Commissioner that Respondents, in violation of Section 11-402(a) of the Securities Act, employed at least two agents, Respondent Steele and

SB, to represent the Companies in the offer and sale of securities without either of those persons being registered in this State as an agent.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents cease and desist from the employment of unregistered agents in or from Maryland, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under Section 11-705 of the Securities Act; and it is further

ORDERED that Respondents show cause why a final order should not be issued against them that orders Respondents to cease and desist from engaging in activities in further violation of Section 11-402, assesses Respondents the statutory penalty of $5,000 per violation of Section 11-402, permanently bars Respondents from the securities and investment advisory business in Maryland and orders any other sanction or combination of sanctions against Respondents as permitted under Section 11-701.1.

COUNT IV

(Fraud in Connection with the Offer or Sale of Securities – Section 11-301)

(All Respondents)

WHEREAS, Section 11-301 of the Securities Act makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to:

(1) employ any device, scheme or artifice to defraud;

(2) make any untrue statement of a material fact or 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) engage in any act, practice or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, Respondents employed a device, scheme or artifice to defraud in, *inter alia,* the following ways:

- By offering and selling investments without fully disclosing the risks relating to those investments, and other material information including negative financial information about Steele and one or more of the Companies, and legal suits pending against Respondents;

- By misleading investors into believing that one or more of the Companies were close to being operational and that Steele had partnered with a national bank in connection with OfferRings Direct/RealEasi Direct;

- By admitting using new investor money to re-pay earlier investors, but not advising other prospective investors of that information; and

WHEREAS, Respondents made misrepresentations of material fact by misleading investors into believing that one or more of the Companies were close to being operational and that Steele had partnered with a national bank in connection with OfferRings Direct/RealEasi Direct, and that the Companies as issuers had the capacity to be profitable investments; and

WHEREAS, Respondents made omissions of material fact, *inter alia*, by failing to disclose that he and his Companies were having financial difficulties, that he and his Companies owed substantial monies to BB&T Bank and other creditors, that he and/or his Companies had filed numerous bankruptcies and/or were planning to file for bankruptcy, and that he and one or more of the Companies were involved in material litigation; and

WHEREAS, Respondents made misrepresentations or omissions of material fact

by failing to inform investors of the true nature of their investment, *i.e*., by suggesting that they were investing in one thing, and later issuing other forms of investment – for example, limited liability company interests in lieu of marketing territories in the case of OfferRings Direct/RealEasi Direct; and

WHEREAS, Respondents made misrepresentations or omissions of material fact by suggesting that a Reg D filing was being made and by failing to advise investors that the issued investments were not being offered and sold pursuant to any valid claim of exemption or any claim of status as federal-covered securities; and

WHEREAS, Respondents omitted to state material facts to investors, including but not limited to the actual use of investor monies, the existence of inter-company loans the use of new investor monies to pay older investors, and the status of the actual financial statements for the issuers' affiliated entities; and

WHEREAS, by engaging in the offer and sale of unregistered, non-exempt securities that are not federal-covered securities and activities relating thereto, and by making misrepresentations and omissions of material fact with respect to the offer and sale of those investments and by engaging in the conduct otherwise referenced in this Order, Respondents engaged in activities that operated as a fraud or deceit on investors and a scheme to defraud; and

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents cease and desist from offering and selling securities investments in or from Maryland, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under Section 11-705 of the Securities Act; and it is further

ORDERED, that Respondents show cause why a final order should not be issued against them that orders Respondents to cease and desist from engaging in the offer and sale of securities in violation of the anti-fraud provisions of Section 11-301 of the Securities Act, assesses each Respondent the statutory penalty of $5,000 per violation, permanently bars each Respondent from engaging in the securities and investment advisory business in Maryland and orders any other sanction or combination of sanctions against Respondents as permitted under Section 11-701.1.

REQUIREMENT OF ANSWER

IT IS FURTHER ORDERED, pursuant to Section 11-701.1 of the Securities Act and COMAR 02.02.06.06, that Respondents shall file with the Securities Commissioner a written Answer to this Summary Order *within 15 days of service of the Order*. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether Respondents request a hearing. A hearing will be scheduled in this matter if one is requested in writing.

A respondent's failure to file a written request for a hearing in this matter shall be deemed a waiver by that respondent of the right to such a hearing.

SO ORDERED:

Commissioner's Signature is
on File with Original Document

Dated: April 3, 2013

Melanie Senter Lubin
Maryland Securities Commissioner