

**STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION**

<b>IN THE MATTER OF:</b>	)	
	)	
<b>HP TECHNOLOGY, INC.</b>	)	<b>ADMINISTRATIVE ORDER</b>
<b>KEVIN DAVID PALM</b>	)	<b>NO.CD-2010- 0027</b>
	)	
<u><b>RESPONDENTS</b></u>	)	

**CEASE AND DESIST ORDER**

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

**RESPONDENTS**

1. HP TECHNOLOGY, INC. ("HPT") is a self described manufacturing company incorporated in Alabama on July 16, 2003, with a business address of 159 Manor House Drive, Huntsville, Alabama 35811.

2. KEVIN DAVID PALM ("PALM") was the creator and original director of HP TECHNOLOGY with a business address of 159 Manor House Drive, Huntsville, Alabama, 35811.

**STATEMENT OF FACTS**

3. On September 23, 2008, the Commission received a request for assistance from the Madison County Sheriff's Department relative to a complaint pertaining to PALM and HP TECHNOLOGY.

4. On August 8, 2008, an Alabama resident filed a complaint with the Madison County Sheriff's Department against PALM and HP TECHNOLOGY. The

complainant alleged that on or about June 7, 2007, he invested \$30,000.00 in HP TECHNOLOGY. The complainant further alleges that he made the investment in HP TECHNOLOGY based upon representations made to him by PALM. The complainant alleges that the \$30,000.00 was to be used to purchase a new milling machine while any investment above and beyond the purchase price of the new machine was to be used as operating capital.

5. On June 7, 2007, PALM and the complainant met for the purpose of securing the complainant's investment in HP TECHNOLOGY. PALM issued to the complainant a Promissory Note in the amount of \$23,500.00. In exchange for the Promissory Note the complainant issued to Palm a check in the amount of \$23,500.00 drawn on an established equity line of credit. During the same meeting, Palm issued to the complainant stock certificate #00 representing 30 shares of stock in HP TECHNOLOGY in exchange for a check from the complainant in the amount of \$6,500.00 drawn on an established equity line of credit. That same date, Palm deposited the \$30,000.00 received from the complainant into a checking account established at Regions Bank. Palm used \$21,525.00 of the complainant's investment to purchase a new milling machine. The balance of the complainant's investment was utilized for various and sundry personal living expenses.

### **CONCLUSIONS OF LAW**

6. Section 8-6-2(2), Code of Alabama, 1975, defines an agent as any individual other than a dealer who represents a dealer or issuer in effecting or attempting to effect sales of securities. A partner, officer or director of a dealer or issuer is an agent if he otherwise comes within this definition. Palm acted as an Agent of HPT as it pertains to the sale of HPT stock and the issuance of the Promissory Note.

7. Section 8-6-1(8), Code of Alabama, 1975, states that "sale" and "sell" includes every contract of sale of, contract to sell or disposition of a security or interest

in a security for value. The “sale” of HPT stock and the issuance of the Promissory Note by Palm fall within this definition of the Act.

8. Section 8-6-2 (10), Code of Alabama, 1975, includes, in pertinent part, the definition of a security as any note or stock. The Promissory Note and Stock Certificate issued by Palm on behalf of HPT to a resident of the State of Alabama are securities as defined by the Act.

9. Section 8-6-3(a), Code of Alabama, 1975, of the Alabama Securities Act states that it is unlawful for any person to transact business in this state as a Dealer or Agent for securities unless he is so registered with the Commission. The issuing of the Promissory Note in question and the selling of HPT stock by Palm is a violation of the Act.

10. Section 8-6-4. Code of Alabama, 1975, of the Alabama Securities Act states that it is unlawful for any person to offer or sell any security in this state unless: (1) It is registered under this article; (2) The security is exempt from registration under section 8-6-10; or (3) The transaction is exempt under section 8-6-11. The securities issued and sold by Palm and HPT, to wit: the promissory note and the HPT stock were not registered as required under this article of the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

Additionally, if the allegations set forth herein are found to be true, though administrative adjudication, failure of the RESPONDENTS to make a timely request for hearing, or default of the respondent, it is the intention of the Commission to impose sanctions upon the RESPONDENTS. Such sanctions may include, inter alia, an administrative assessment imposed on RESPONDENTS, and additional administrative assessment for investigative cost arising from the investigation of the violations described herein against RESPONDENTS, and a permanent order to bar

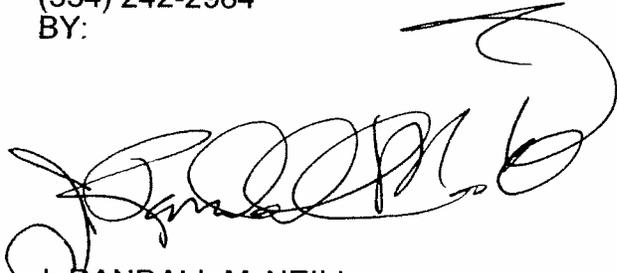
RESPONDENTS from participation in any securities related industry in the State of Alabama.

**ACCORDINGLY, IT IS HEREBY ORDERED** that **HP TECHNOLOGY, INC.**, and **KEVIN DAVID PALM** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the State of Alabama.

Entered at Montgomery, Alabama, this 14<sup>TH</sup> day of June, 2010.



ALABAMA SECURITIES COMMISSION  
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BY:



J. RANDALL McNEILL  
Deputy Director