

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)
)
ENDEAVOR GLOBAL PARTNERS)
CORPORATION)
)
ENDEAVOR GLOBAL PARTNERS)
(HK) LTD)
DAVID M. FRESNE)
)
RESPONDENTS)

**ADMINISTRATIVE ORDER
NO. CD-2018-0026**

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, has determined as follows:

RESPONDENTS

1. Endeavor Global Partners Corporation (“**EGP**”) is a Delaware Corporation with a U.S. business address of 151 Rowayton Avenue, Rowayton, Connecticut 06853 and a China business address of 30/F Shanghai Square, 138 Middle Huai Hai Road, Shanghai, China.

2. Endeavor Global Partners (HK) Ltd. (“**EGP LTD**”) purports to be a Hong Kong Corporation with a business address of Unit 1010, Miramar Tower, 132 Nathan Road, TsimShaTsui, Hong Kong.

3. David M. Fresne (“**FRESNE**”) is the Founder and Chief Executive Officer of **EGP** with a U.S. business address of 151 Rowayton Avenue, Rowayton, Connecticut 06853 and a China address of 30/F Shanghai Square, 138 Middle Huai Hai Road, Shanghai, China. **FRESNE** is also the President of **EGP LTD** with a business address of Unit 1010, Miramar Tower, 132 Nathan Road, TsimShaTsui, Hong Kong.

STATEMENT OF FACTS

4. **EGP** has a website located at www.endeavorgpc.com. According to the website, **EPG** is “based in New York, Greenwich, CT & Asia. **EGP** intends to maintain a global network of Endeavor Partners, including in the Middle East, Europe, Australia, South America, Russia and other cities in the United States. **EGP** has its own representatives in China and Hong Kong.”

5. The **EGP** website lists **FRESNE** as the “Founder” of **EGP**.

6. The website identifies **EGP**’s U.S. address as 15151 Rowayton Avenue, Rowayton, Connecticut 06853 and its China address as 30/F Shanghai Square, 138 Middle Huai Hai Road, Shanghai, China.

7. According to the Delaware Division of Corporations, **EGP** was incorporated on April 12, 2012. **FRESNE** is listed as the president. **EGP**’s status went inactive on March 1, 2015, for failure to pay franchise taxes.

8. On March 11, 2016, **EGP LTD** and **FRESNE** entered into an investment agreement (“The Agreement”) with an Alabama resident. (“Investor”) The Investor was seeking to secure \$11 million to fund a project for the Investor’s company. According to the Agreement, **EGP LTD** and **FRESNE** agreed to provide the Investor “an investment in the form of a secured promissory note with a 7.00% annual interest rate amortized over 4 years” (“The Note”). The Agreement stated that the financing was offered by **EGP LTD** “or its affiliates, investors, assigns and/or designees, collectively hereinafter referred to as EG.”

9. To obtain The Note, pursuant to The Agreement, Investor agreed to wire \$1.1 million, referred to as the “equity participation investment loan,” to **EGP** for the benefit of **EGP LTD**. **EGP LTD** would then “have full discretion to release the equity participation investment loan for the sole purpose of acquiring collateral and the associated costs, including but (not) limited to financial instruments, legal, banking fees, escrow agents, facilitation, SWIFT fees, and alike.” The Agreement stated that \$500,000 of the investment loan was to be received by March 14, 2016, with the remaining \$600,000 by March 25, 2016. The Investor was also required to wire an additional \$10,000 for a “due diligence fee.”

10. The Investor was only required to wire the initial \$1.1 million, after which **EGP** and/or **EGP LTD** would do all the work required to secure the \$11 million promissory note.

11. The Agreement stated, “in the event EG (**EGP LTD** or its affiliates investors, assigns and/or designees) elects not to close the investment, the investment loan (Investor’s funds) will be refundable (to Investor) minus any reasonable and accountable out of pocket expenses incurred by EG. EG corporately guarantees the return of the investment loan in the event there is not a distribution in approximately ninety days.”

12. On March 18, 2016, the Investor wired \$510,000 to a Wells Fargo bank account in the name of **EGP**. The signatory on the account is **FRESNE**.

13. The Agreement was modified by an addendum, which was executed March 23, 2016. The addendum changed the total amount of the investment to \$510,000.00, which meant **EPG** had already received full payment from the Investor. The addendum also adjusted the loan amount the Investor was to receive from \$11 million to \$5 million.

14. After 90 business days passed, the Investor had not received any funding. **FRESNE** gave multiple excuses for the delay in funding. By October 2016, the Investor still had not received any funding. **FRESNE** wanted to change the Agreement to where **EGP** and **FRESNE** would have an equity partnership in the Investor’s company. The Investor declined and requested that his investment funds be returned according to the Agreement.

15. As of the date of this Order, the Investor has not received any funding from **EGP**, **EGP LTD**, or **FRESNE**. Even though the funding did not occur, the Investor’s \$510,000 has not been returned, as promised in the Agreement.

16. On November 13, 2018, a review of the registration files of the Alabama Securities Commission, revealed no registration, nor any exemption from registration, for the security offered by **EGP**, **EGP LTD**, and **FRESNE**.

17. On November 13, 2018, a review of the registration files of the Alabama Securities Commission, revealed no registration for **EPG** to offer and sell securities in Alabama, or any claim for exemption for registration in Alabama.

18. On November 13, 2018, a review of the registration files of the Alabama Securities Commission, revealed no registration for **EPG LTD** to offer and sell securities in Alabama, or any claim for exemption from registration in Alabama.

19. On November 13, 2018, a review of the registration files of the Alabama Securities Commission, revealed no current registration for **FRESNE** as a broker dealer agent or as an investment advisor representative or as a restricted agent. **FRESNE** was previously registered as a broker dealer agent from December 9, 1987 through August 5, 1999 and from August 26, 2004 through December 31, 2007.

CONCLUSIONS OF LAW

20. A transaction is defined as an “investment contract” if there is (1) an investment of money, (2) with the expectation of profit by the investor, (3) in a common enterprise, and (4) that profits are to come from the efforts of others. The Agreement offered by **FRESNE**, in which the Investor purchased a promissory note in a common enterprise with the expectation of profit from the efforts of **FRESNE**, **EGP**, and/or **EGP LTD**, is as an investment contract.

21. Section 8-6-2(10), Code of Alabama, 1975, defines an investment contract as a security. Therefore, the Agreement sold to the Investor is a security as defined in the Act. Furthermore, the same section defines “any note” as a security, so the investment purchased when Investor entered the Agreement is also a security as defined in the Act.

22. Section 8-6-2(5), Code of Alabama, 1975, defines an issuer as “every person who proposes to issue, has issued, or shall hereafter issue any security.” Section 8-6-2(7) Code of Alabama 1975 defines person to include “a corporation created under the laws of this state or any other state.” **EGP** and **EGP LTD**, by issuing the investment contract, are issuers as defined in the Act.

23. Section 8-6-2(2), Code of Alabama, 1975, defines an agent as “[a]ny 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 the definition. **FRESNE** acted as an agent, as defined in the Act, when he solicited the Investor to purchase the investment contract issued by **EGP** and **EGP LTD**.

24. Pursuant to Section 8-6-3(a), Code of Alabama, 1975, “[i]t is unlawful for any person to transact business in the state as a dealer or agent for securities unless he or she is registered under [the Act].” **FRESNE** acted as an agent of **EGP** and/or **EGP LTD** by offering and selling the investment contract to the Investor, while **FRESNE** was not then registered with the Commission, in violation of the Act.

25. Pursuant to Section 8-6-4, Code of Alabama, 1975, “[i]t is unlawful for any person to offer or sell any security in this state unless: (1) It is registered under [the Act]; (2) The security is exempt from registration under section 8-6-10; or (3) The transaction is exempt under section 8-6-11.” The investment contract offered or sold by **FRESNE** was neither registered nor exempt from registration in Alabama, and therefore was offered and sold in violation of the Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under 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, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, 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**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) 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 **RESPONDENTS** 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 21st day of December 2018.



ALABAMA SECURITIES COMMISSION

P.O. Box 304700

Montgomery, AL 36130-4700

(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", written over a horizontal line.

Joseph P. Borg

Director