

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
) ADMINISTRATIVE ORDER
WEYGO HOLDINGS, INC)
TIMOTHY MICHAEL GAUTNEY) NO. CD-2019-0030
)
Respondents)

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 (the "Act"), upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENTS

1. WEYGO HOLDINGS, INC ("**WEYGO**") is a corporation registered with the State of Alabama. Its principal business address is 3021 Jackson Hwy, Sheffield, Alabama, 35660 and registered agent office address of 1011 Lake Heather Road, Birmingham, Alabama, 35242. **WEYGO** was incorporated in the State of Alabama in June of 2010.

2. TIMOTHY MICHAEL GAUTNEY ("**GAUTNEY**"), at all times relevant to this order, was the Executive Officer and president of WEYGO with a mailing address of P.O. Box 2365 Muscle Shoals, Alabama, 35660. **GAUTNEY** (CRD #2552149) was previously registered in Alabama having successfully completed the following qualifying exams: S4, S7, S24, S27, S55, S63 and S65. He was the president and owner of Aura Holdings, Inc., president of Aura Financial Services ("Aura") (CRD # 42822) and president and CCO of Aura Asset Management, Inc. (CRD # 129402). He is also the president of Valley Insurance, Inc., previously know as Aura Insurance Services, Inc.

STATEMENT OF FACTS

3. In April of 2019, the Commission received information that **WEYGO** filed documents with the Alabama Secretary of State's office related to a change of registered agent address. In reviewing the documents as well as the incorporation documents, it appeared that **WEYGO** and **GAUTNEY** were issuing stock and/or effecting securities transactions. On April 25, 2019, the Commission sent a corporate inquiry letter to **WEYGO** to determine the nature of the transactions and whether such transactions were made in compliance with the Act.

4. On May 17, 2019, the Commission received a response letter from **WEYGO** via Certified Mail. The letter was dated May 14, 2019 and was signed by **GAUTNEY**. **GAUTNEY** wrote that **WEYGO** is "not engaged and does not plan to be engaged in any securities activities as a dealer, agent, investment adviser or investment adviser representative." Furthermore, the letter stated that **WEYGO** had filed a Form D and remitted a Notice Filing and Fee to the Commission. Accompanying the letter was a copy of a Private Placement Memorandum ("PPM") for **WEYGO**.

5. The **WEYGO** PPM indicates that **WEYGO** is offering \$6,000,000 of debt securities. The minimum investment is \$100,000 in 10 unsecured promissory notes which mature in 72 months. The annual rate of return is represented to be 6.25% simple interest.

6. The **WEYGO** PPM enumerates **GAUTNEY'S** purported business success in the financial services industry. On page 21 of the PPM, it is represented that **GAUTNEY** "*has held various Securities licenses including the Series 3, 4, 7, 24, 27, 30, 55, 63, and 65 licenses. Additionally, Mr. Gautney has owned and managed several other successful businesses which owe their success to the foresight and business expertise of Mr. Gautney.*" A search of the CRD revealed that **GAUTNEY** never held a Series 3 license having failed the test each time.

7. On page 21 of the **WEYGO** PPM, it states *“Prior to September 23, 2013 Mr. Gautney had disclosures related to supervisory procedure concerning a broker/dealer which Mr. Gautney owned and was president/CEO until February 2010. Additional information on these disclosures are available at finra.org, (Broker Check), and may be described as “bad acts”. Although, these acts need to be disclosed; only “bad acts” occurring on or after September 23, 2013 can destroy the exemption. If for any reason you do not have access to finra.org or the internet, please simply request a printed FINRA CRD Report concerning Mr. Gautney, Weygo Holdings, Inc.; will provide the Report for your review.”*

8. On page 37 of the PPM, it is represented 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.”*

9. The PPM failed to disclose the following disclosable items related to Management/**GAUTNEY**:

- **GAUTNEY** was the subject of at least 5 individual tax liens reported in 2018 totaling more than \$70,000.
- **GAUTNEY** was named as a defendant in at least 8 civil lawsuits.
- **GAUTNEY** and his wife filed for Chapter 7A (Voluntary) bankruptcy in the Northern District of Alabama (Case number: 8:12-BK-80453) on February 13, 2012. The bankruptcy court dismissed the bankruptcy on October 30, 2017 due to, among other reasons, “willful and malicious conversion” of assets by the **GAUTNEYS**.
- **GAUTNEY** was named in a civil lawsuit (Case number: 49D05-1410-MI-033555) on July 7, 2016 in Marion Superior Court, Civil Division 5, Marion County, Indiana. A final judgement was entered in the case awarding the plaintiff \$1,722,333.00.

10. On September 8, 2005, a Show Cause order was issued, with a notice of right to hearing giving respondents, Aura Financial Services, **GAUTNEY**, Laura Gautney Black and Lloyd Gilford King, 28 days from date of receipt of the order to respond or perfect a right to a hearing. The order was issued after a series of audits found that respondents had failed to establish and enforce an adequate supervisory system. Furthermore, the firm failed to keep adequate books and records as required by state statute and rules as well as SEC and NASD rules. Subsequent to the initial order, the Commission determined that respondents failed to correct issues outlined in the initial order. On June 11, 2009, amended Show Cause order, SC-2005-0042A, was issued to Aura Financial, **GAUTNEY**, Lloyd Gilford King and John Wesley Woodruff Jr., giving them 28 days from date of receipt to respond or perfect a right to a hearing. Amended SC-2005-0042A was finalized on December 21, 2009, due to insufficient response resulting in the issuance of an order to revoke. OR-2005-0042 was made final as to **GAUTNEY** on February 4, 2010 for failure to accept delivery.

11. On March 5, 2010, the Commission issued an Order to Revoke (OR-2010-0014) the registration of **GAUTNEY** as an investment advisor representative. Supporting facts include that respondent failed to reasonably supervise his employees to prevent fraudulent sales practices and refused to accept correspondence from the Commission. The Commission also issued respondent a notice giving him 28 days from date of receipt to respond or perfect a right to a hearing. An informal meeting was held on September 2, 2010. **GAUTNEY** requested that the order be vacated. The Commission denied the request. On October 2, 2010, the order was made final.

12. A review of the files of the Registration Division of the Alabama Securities Commission was conducted on July 22, 2019, disclosing no record of registration for **GAUTNEY** as broker dealer agent, investment advisor, or investment advisor representative in the State of Alabama.

13. A review of the files of the Registration Division of the Alabama Securities Commission was conducted on July 22, 2019 and found a Regulation D Rule 506(c)

Notice filing for **WEYGO HOLDINGS, INC.**, a \$6,000,000 Real Estate Debt Offering.

14. A review of the United States Securities and Exchange Commission's Edgar Filing System revealed that on May 8, 2019, a Form D Notice of Exempt Offering of Securities for **WEYGO HOLDINGS, INC** (Filer ID Number 001776027) became effective. The federal exemption claimed is Rule 506(c). The principal place of business is listed as 3021 Jackson Hwy, Sheffield, Alabama 35660. **GAUTNEY** is listed as the executive officer. According to the filing, the issuer intends to pay Sales Commissions; however, no broker-dealer is named in the filing or in the PPM.

CONCLUSIONS OF LAW

1. Section 8-6-2(10), Code of Alabama 1975, defines a note, bond, or evidence of indebtedness as a security. The notes offered by Respondents constitute evidence of indebtedness and are securities as defined in the Act.

2. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful in connection with the offer or sale of a security to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. **RESPONDENTS** failed to disclose existing civil litigation in which they were respondent parties. **RESPONDENTS** failed to disclose a bankruptcy filing and tax liens which may reflect upon **RESPONDENTS** business success. **RESPONDENTS** failure to disclose such issues, while touting **GAUTNEY'S** management success and expertise, constitutes material omissions and is a violation of the anti-fraud provisions 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 to protect the public interest and the protection of investors and is consistent with the purposes of the Alabama Securities 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 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 **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 1st day of October
2019.



ALABAMA SECURITIES COMMISSION
P.O. Box 304700
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(334) 242-2984
BY:

A handwritten signature in black ink, appearing to read "Edwin L. Reed", written in a cursive style.

Edwin L. Reed
Deputy Director