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PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS	:	**Docket No. : 210094 (SEC-OSC)**
v.	:	
AMERICAN ALTERNATIVE INVESTMENTS, LLC ROB WHITLOW	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Licensing, Compliance and Enforcement ("Bureau") has conducted an investigation of the business practices of Rob Whitlow ("Whitlow") and American Alternative Investments, LLC ("AAI"). Based on the results of its investigation, the Bureau has concluded that the Whitlow and AAI have engaged in activity that is in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et seq. ("1972 Act"). Whitlow and AAI, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. The Bureau operates from the Department's main office located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

4. AAI was, at all times material herein, an Indiana limited liability company with addresses at 973 Emerson Parkway, Suite B, Greenwood, Indiana 46143 and 8470 Allison Pointe Blvd, Suite 250, Indianapolis, Indiana 46250.

5. Whitlow was, at all times material herein, an individual with addresses at 973 Emerson Parkway, Suite B, Greenwood, Indiana 46143 and 8470 Allison Pointe Blvd, Suite 250, Indianapolis, Indiana 46250. Whitlow was, at all times material herein, the chief executive officer and manager of Respondent AAI.

6. As the chief executive officer and manager of AAI, Whitlow acted as an "affiliate" of AAI within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused AAI to commit the herein stated acts which violated the 1972 Act.

Sale of 1 Global Capital, LLC

7. 1 Global Capital, LLC, aka 1st Global Capital, LLC, aka 1st Global Capital Financial Services ("Global") was, at all times material herein, a Florida limited liability company with an address at 1250 East Hallandale Beach Blvd., Suite 409, Hallandale Beach, FL 33009.

8. Global was, at all times material herein, engaged in the business of providing funding known as a Merchant Cash Advance Transaction ("MCAT") as an alternate form of financing to traditional banking and banking institutions.

9. At all times material herein, Global offered for sale Memoranda of Indebtedness ("Global Notes") to investors. The term of the Global Notes was either 9 months or I year, and Global assigned interest rates at its discretion based on its regularly collected amounts received from the MCATs. At the end of the term, the Global Notes automatically rollover into a new indebtedness unless the investor provides Global with a written notice of termination no less than thirty (30) days before the end of the term.

10. In or about February 2017 through May 2018, AAI recruited at least two individuals to offer and sell Global Notes in Pennsylvania.

11. In or about February 2017 through May 2018, at least two individuals recruited by AAI offered and sold Global Notes to Pennsylvania residents ("PA Residents") for an aggregate amount of at least $1,766, 297.

12. At least one of the PA Residents was aged 60 or more at the time the PA Resident purchased the Global Notes.

13. For AAI's and Whitlow's efforts in recruiting other individuals to sell the Global Notes, AAI and Whitlow received at least $74, 339 in compensation.

14. AAI was engaged in the business of effecting or attempting to effect purchases or sales of Global Notes in Pennsylvania.

15. The Global Notes described above are "securities" within the meaning of Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

16. Global is the "issuer" of the Global Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

17. AAI is a "broker-dealer" within the meaning of Section 102(e) of the 1972 Act, 70 P.S. § 1-102(e).

18. The records of the Department disclose that the Global Notes are: (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. § 1-211; and (d) that the offers relating to the Global Notes are not exempt under Section 203 of the 1972 Act, 70 P.S. § 1-203.

19. AAI was neither registered pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301, nor exempt from registration.

20. Whitlow was neither registered pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301, nor exempt from registration.

21. AAI failed to provide some or all of the PA Residents with financial statements regarding Global, which disclosure would have been material for a reasonable investor to make an informed investment decision. To the extent that Global did not have disclosure documents, AAI failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

22. AAI failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

a. The financial condition of Global;

b. The financial risk of investing in the Global Notes;

c. The identity and relevant background of the corporate officers of Global;

d. Global's operating history.

23. To date, Global has been unable to fulfill its financial obligations to some or all of the PA Residents who purchased Global Notes, and Global has consequently defaulted on payments to some or all of the PA Residents.

VIOLATIONS

24. By engaging in the acts and conduct set forth in paragraphs 6 through 18, AAI and Whitlow offered and sold the Global Notes to PA Residents in violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

25. By engaging in the acts and conduct set forth in paragraphs 6 through 20 above, AAI and Whitlow effected transactions in securities in Pennsylvania while neither registered, nor exempt from registration, in willful violation of Section 301(a) of the 1972 Act, 70 P.S. § 1-301(a).

26. By engaging in the acts and conduct set forth in paragraphs 6 through 17, and paragraphs 21 and 22 above, AAI and Whitlow have, in connection with the offer, sale or purchase of Global Notes to Pennsylvania Residents, directly or indirectly, made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

27. By engaging in the acts and conduct set forth in paragraphs 6 through 23 above, AAI and Whitlow have, in connection with the offer and sale of the Notes, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 401(c) of the 1972 Act, 70 P.S. § 1-401(c).

RELIEF

28. Pursuant to Sections 512 (a) (1), (2), (3), (4) and (5) of the 1972 Act, 70 P.S. § 1-512 (a)(1), (2), (3), (4), and (5), AAI is permanently BARRED from the date of this order from:

a. Representing an issuer offering or selling securities in this State;

b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;

c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;

d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or

e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

29. Pursuant to Sections 512 (a)(1), (2), (3), (4) and (5) of the 1972 Act, 70 P.S. § 1-512(a)(1), (2), (3), (4), and (5), Whitlow is permanently barred from the date of this order from:

a. Representing an issuer offering or selling securities in this State;

b. Offering or selling securities in this State or for a person who controls or is controlled by such issuer;

c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;

d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or

e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

30. AAI and Whitlow are ordered to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Sections 201, 301, and 401.

31. Should AAI and Whitlow fail to comply with any and all provisions of this Order, the Department may seek other appropriate relief subject to AAI's and Whiltlow's rights to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

32. Consent. AAI and Whitlow hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that they understand all of the terms and conditions contained herein. AAI and Whitlow, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions and or penalties set forth in this Order.

33. Entire Agreement. This Order contains the entire agreement between the Department and AAI and Whitlow. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and AAI and Whitlow.

34. Binding Nature. The Department, AAI, Whitlow, and all officers, owners, directors, employees, heirs and assigns of the named parties intend to be and are legally bound by the terms of this Order.

35. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

36. Effectiveness. AAI and Whitlow hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

37. Other Enforcement Action.

(a) The Department reserves all of its rights, duties and authority to enforce all statutes, rules and regulations under its jurisdiction against AAI and Whitlow in the future regarding all matters not resolved by this Order.

(b) AAI and Whitlow acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

38. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

39. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

40. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

41. Findings. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities, Licensing, Compliance and Enforcement and American Alternative Investments, LLC and Rob Whitlow, intending to be legally bound, do hereby execute this Consent Agreement and Order.



FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES LICENSING, COMPLIANCE AND ENFORCEMENT

Redacted

Eric R. Pistilli
Deputy Secretary of Securities

Dated: 05/20/2022

FOR AAI, LLC

Redacted

(Officer Signature)

Rob Whitlow

(Print Officer Name)

CEO

(Title)

Dated: **May 13, 2022**

FOR ROB WHITLOW

Redacted

(Officer Signature)

Rob Whitlow

(Print Officer Name)

CEO

(Title)

Dated: **May 13, 2022**