# Government of the District of Columbia
## Department of Insurance, Securities and Banking

Thomas E. Hampton
Commissioner

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| **IN THE MATTER OF :** | **ADMINISTRATIVE ORDER** |
| **METRO DREAM HOMES, LLC,** | **ORDER NO. SB-08-001** |
| **METROPOLITAN GRAPEVINE, LLC,** | |
| **POS DH, LLC** | |
| **d/b/a POS DREAM HOME,** | |
| **ANDREW H. WILLIAMS, and** | |
| **ISAAC J. SMITH,** | |
| **Respondents** | |

**FINAL CEASE AND DESIST ORDER**

In accordance with the provisions of the District of Columbia Administrative Procedure Act, D.C. Official Code § 1-1509(a) (2001)[1], the Rules of Practice and Procedures for Hearings §§ 17 DCMR 8100 et seq., and the Securities Act of 2000, D.C. Official Code §§ 31-5601.01 et seq. ("Act"), Metro Dream Homes, LLC, Metropolitan Grapevine, LLC, POS DH, LLC d/b/a POS Dream Home, Andrew H. Williams, and Isaac J. Smith are hereby ordered to Cease and Desist your activities as an unregistered offeror and issuer of securities and, in connection with the offer and sale of securities, from directly or indirectly employing a fraudulent scheme; from obtaining money by means of false or misleading statements; and from engaging in a transaction or course of business which would operate as a fraud or deceit in the District of Columbia, pursuant to section 602 of the Act (D.C. Official Code § 31-5606.02).

## I. JURISDICTION

Section 602 (b) of the Act (D.C. Official Code § 31-5606.02(b)) grants the Commissioner of the Department of Insurance, Securities and Banking ("Commissioner") the power to issue, after notice and an opportunity for a hearing, an directing the Respondents to cease and desist from engaging in acts or practices which constitute, or will constitute, a violation of provisions of the Act or any rule or order thereunder.

[1] All references to the District of Columbia Official Code shall be to the 2001 edition.

On October 10, 2007, a Summary Order to Cease and Desist and Notice of Opportunity for Hearing was issued and sent to Respondents, via certified mail, postage pre-paid to POS DH, LLC d/b/a POS Dream Home, 308 2nd Street, Laurel MD 20707; Metro Dream Homes, LLC, 1101 Pennsylvania Avenue NW, Suite 700, Washington DC 20007; Metropolitan Grapevine, LLC, 1012 N Street NW, Washington DC 20001; Andrew H. Williams, 20305 Lunbar Way, Brookeville MD 20833; and Isaac J. Smith, 12100 Sawhill Boulevard, Spotsylvania VA 22553.

## II. RESPONDENTS

1. Metro Dream Homes, LLC ("MDH"), with an address of 1101 Pennsylvania Avenue NW, Suite 700, Washington DC 20007, has, since 2006, been engaged in soliciting investors in an unregistered offering of securities in the form of a five to seven year mortgage-payment program in the District of Columbia ("District"). MDH also uses an address of 1347 Constitution Avenue NE, Washington DC 20002. On May 26, 2006 MDH registered with the District as a Domestic Limited Liability Company (File No. L28613).

2. Metropolitan Grapevine, LLC ("MetroGrape"), with an address of 1012 N Street NW, Washington DC 20001, solicits investors in the aforementioned unregistered offering of securities. On May 26, 2006, MetroGrape registered with the District as a Domestic Limited Liability Company (File No. L28614).

3. POS DH, LLC d/b/a POS Dream Homes ("POS"), with an address at 308 2nd Street, Laurel MD 20707, solicits investors in the aforementioned unregistered offering of securities. POS also uses an address of 2156 Wisconsin Avenue NW, Washington DC 20007 and of 1347 Constitution Avenue NE, Washington DC 20002.

4. Andrew H. Williams ("Williams") is the CEO of MetroGrape and the CEO and principal of POS. Williams has an address of 20305 Lunbar Way, Brookeville MD 20833.

5. Isaac J. Smith ("Smith") is the President of MDH. Smith has an address of 12100 Sawhill Boulevard, Spotsylvania MD 22553.

## III. STATEMENT OF FACTS

On information and belief, the Commissioner alleges the following as the basis for this Order:

6. Beginning in or about 2006 and continuing to the present, Respondents sponsor presentations and meetings in the District at which they solicit potential house buyers and house owners in the District to purchase investments in the form of five to seven year mortgage payment programs through POS.

7. Attendance at these presentations generally is by invitation only and attendees are required to register their attendance.

8. The POS presentations center on the opportunity for investors to obtain, during the five to seven year period, a financial windfall, in the form of monthly mortgage payments that will pay off the mortgage by the end of the five to seven year term, at which time the investor will be entitle to a 50/50 split of the equity in the house with POS.

9. An investor and POS enter into an agreement whereby, for an administrative fee of $4,500 to $5,500 and a lump sum payment of the greater of $50,000 or 10% to 15% of the value of the house purchased or refinanced by the investor, POS agrees to make the monthly payments, dubbed "monthly mortgage contributions," to the investor (which the investor then uses to pay the mortgage), resulting in the payoff of the entire mortgage (principal and interest) in five to seven years.

10. The aforementioned payments by investors to the Respondents are derived from remissions from selling property owners, which remission amounts may be determined by artificially-inflated appraisals, thereby resulting in artificially inflated sale prices and loan values.

11. Under the program and during the five to seven year term, the investor is to pay for insurance and taxes, but to make no mortgage payments other than the aforementioned monthly payments received from the Respondents. Thus, investors are mere conduits for the mortgage payments from POS.

12. At the end of the five to seven years the mortgage will have been paid in full and the investor has the option of selling his/her 50% interest to the Respondents, or selling the house on the open market and dividing the proceeds with POS, or rolling over the arrangement with the Respondents at the new value of the property.

13. Investors have been informed by the Respondents that the POS revenues necessary for POS to make the mortgage payments to investors come from the use of the above advance fees by POS to finance "POS cafes." The "cafes" are described by the Respondents as a combination of ATM machines, credit card/check readers, touch-n-buy devices, electronic billboards and other point-of-sale devices. POS informs investors and potential investors that a $50,000 payment to POS can result in five "POS cafes," each of which could generate as much as $19,000 per month, or $95,000 per month for all five, or up to $1.14 million per year. POS represents to investors that it will use the revenues to pay off the investors' mortgages.

14. On a current website (www.nohousepayment.com), POS specifically offers to homeowners the opportunity to invest in "POS Café machines" by refinancing existing mortgages. Proceeds of the refinancing are used "to acquire assets that generate more than enough cash flow to make your mortgage payments, AND pay off half your mortgage in 5years!!"

15. POS also has been offering to investors in the mortgage payment program the opportunity to become "Junior Board Members" or "Senior Board Members" in an "Investment Program," whereby an investor pays POS $100,000 or $150,000 in return for

monthly payments totaling $52,000 annually for five years in addition to the monthly payments for the mortgage. Additionally, in return for $150,000 payments, investors also receive 10% in "net profit sharing of stream profit."

16. Since 2006, POS has held seminars in Washington, D.C. (Washington Plaza Hotel at 10 Thomas Circle NW, Washington DC 20005), Maryland, Virginia and elsewhere. So called "town hall meetings" for "clients" are held Thursday evenings at the Washington Plaza Hotel. A meeting was scheduled for October 4, 2007.

17. An email, dated August 29, 2007, to be forwarded to "all partners," stated: "EFFECTIVE IMMEDIATELY THERE WILL BE NO MORE COMPANY SPONSORED GROUP PRESENTATIONS ANYWHERE! We want to ensure that no one comes to our program who is not adequately informed on business matters so we will be moving to by invitation only presentations. Therefore we will still facilitate In-Home Presentations...ON SEPTEMBER 8TH WE WILL BE HOLDING A MEETING FOR ALL PARTNERS." The September 8, 2007 meeting was held at the Grand Hyatt Hotel at 1000 H Street NW, Washington, DC.

18. The mortgage payment program agreements offered and sold by the Respondents are investment contracts, notes, certificates of interest or participation in a profit-sharing agreement and evidences of indebtedness, each of which constitute securities within the meaning of section 101(31) of the Act (D.C. Official Code § 31-5601.01(31)).

19. The "Board Membership" programs agreements offered and sold by the Respondents are investment contracts, notes, certificates of interest or participation in a profit-sharing agreement and evidences of indebtedness, each of which constitute securities within the meaning of section 101(31) of the Act (D.C. Official Code § 31-5601.01(31)).

20. The Department of Insurance, Securities and Banking ("Department") has no record of securities registration for an offering by or in the name of any of the Respondents, nor has any claim of exemption or status as a federal-covered security been made with the Department with respect to any such offering by the Respondents.

21. Williams is permanently enjoined from engaging in the securities business in Maryland, pursuant to a 2001 consent order of the Circuit Court for Prince George's County as a result of an enforcement action filed by the Maryland Division of Securities. (Attached.)

22. On August 15, 2007 a Summary Order to Cease and Desist was issued against Respondents Andrew H. Williams, POS Dream Home, LLC, Metropolitan Grapevine, LLC and Laveda Whitfield by the Securities Commissioner of Maryland concerning the aforementioned unregistered offering of securities by the Respondents (File No. 05-0732) in Maryland. On September 12, 2007, a hearing was held in the United States District Court in the District of Maryland (Beltsville Division) pursuant to a temporary restraining order ("TRO") action by the Maryland Respondents against the Securities Commissioner of Maryland (Civil Action No. 07-cv-02341) concerning the August 15, 2007 Summary Order. On September 27, 2007 the Court denied the Respondents' request for a TRO.

23. On September 5, 2007 a TRO against the Respondents was issued by the State Corporation Commission of the Commonwealth of Virginia concerning the aforementioned unregistered offering of securities by the Respondents in Virginia (File Nos. SEC-2007-00059 thru 00061 and 00063 thru 00065).

## IV. VIOLATIONS

COUNT I
(Offer and Sale of Unregistered Securities)

24. Paragraphs 1 through 22 are incorporated by reference and are re-alleged.

25. Section 301 of the Act (D.C. Official Code § 31-5603.01) makes it unlawful for any person to offer or sell a security in the District unless the security is registered, the security or transaction is exempt or the security is a federal covered security; and

26. The investments offered and sold by the Respondents, as described above, are "securities" within the meaning of section 101(31) of the Act (D.C. Official Code § 31-5601.01(31)); and

27. Respondents have offered and sold, and continue to offer and sell, securities in violation of the registration requirements of section 301 of the Act (D.C. Official Code § 31-5603.01).

COUNT II
(Non-Disclosure of Material Information in Connection with the Offer and Sale of Securities)

28. Paragraphs 1 through 26 are incorporated by reference and are re-alleged.

29. Section 502 of the Act (D.C. Official Code § 31-5605.02) makes it unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to: (A) employ a device, scheme or artifice to defraud; (B) obtain money or property by means of an untrue statement of a material fact or an omission to state a material fact in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (C) engage in a transaction, practice or course of business which operates, or would operate, as a fraud or deceit upon a person; and

30. In connection with the offer and sale of securities, the Respondents failed to disclose material facts that were necessary to make statements that were made not misleading, including the non-registration of the securities offerings described above, that the aforementioned mortgage payments were dependent upon an increasing number of investment purchases rather than from the revenues from POS cafes, and failed to disclose a Court Order prohibiting Williams from offering or selling securities in Maryland.

## V. FINAL ORDER

It is hereby determined that the Respondents have engaged and are about to engage in acts and practices which constitute violations of District of Columbia law, as described above and it is further determined that immediate action against the Respondents is in the public interest. Accordingly, it is hereby ORDERED by the Commissioner of the Department of Insurance, Securities and Banking, in accordance with section 602(b) of the Act (D.C. Official Code § 31-5606.02(b), that:

1. Respondents, together with their employees, agents, affiliates, assignees, successors, and associated entities, shall immediately **CEASE AND DESIST** from offering or selling unregistered securities in the District, and from directly or indirectly aiding or assisting other individuals or entities from offering or selling unregistered securities in the District.

2. Respondents, together with their employees, agents, affiliates, assignees, successors, and associated entities, shall immediately **CEASE AND DESIST** from engaging in non-disclosures in connection with the offer or sale of securities.

**APPROVED and so ORDERED:**
In Witness Whereof, I have hereunto
set my hand and affixed the official seal
Of this Department in the District of Columbia,
this 25th day of February 2008.

**SEAL**

Thomas E. Hampton
Commissioner

**CERTIFICATION**

I, Mary E. Manning, do hereby certify that a copy of the foregoing FINAL CEASE AND DESIST ORDER was sent to Respondents, via certified mail, postage pre-paid to POS DH, LLC d/b/a POS Dream Home, 308 2nd Street, Laurel MD 20707; Metro Dream Homes, LLC, 1101 Pennsylvania Avenue NW, Suite 700, Washington DC 20007; Metropolitan Grapevine, LLC, 1012 N Street NW, Washington DC 20001; Andrew H. Williams, 20305 Lunbar Way, Brookeville MD 20833; and Isaac J. Smith, 12100 Sawhill Boulevard, Spotsylvania VA 22553.

Mary E. Manning

Mary E. Manning
Staff Assistant (FOIA)