

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND,

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2011 NOV 22 A 9:26

DOCUMENT CONTROL

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

TECSEC, INC.,
JOHN R. PETTY,
POLK RUN, LLC,
EDWARD M. SCHEIDT,
CARL JOSEPH WACK,

Defendants

CASE NO. SEC-2010-00046
CASE NO. SEC-2010-00047
CASE NO. SEC-2010-00048
CASE NO. SEC-2010-00049
CASE NO. SEC-2010-00051

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that TecSec, Inc., John R. Petty, Polk Run, LLC, Edward M. Scheidt, and Carl Joseph Wack (collectively, "Defendants"): (i) violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia by, directly or indirectly, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; (ii) violated § 13.1-504 A (i) of the Act by transacting business in the Commonwealth of Virginia without duly being registered with the Division; (iii) violated § 13.1-507 A of the Act by offering or selling securities that were not registered under the Act or exempt from registration; and (iv) Defendants TecSec, Inc. and Polk Run, LLC violated § 13.1-504 B of the Act by employing unregistered agents in the offer and sale of securities.

If the standards of the statute are met, the State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the

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Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order the Defendants to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of Five Thousand Dollars (\$5,000) in monetary penalties.

(2) Defendant TecSec, Inc., will make a rescission offer to all shareholders.

(a) Within thirty (30) days of the date of this Settlement Order, TecSec, Inc., will make a written offer of rescission sent by certified mail to all shareholders, which will include an offer to pay all shareholders \$.06 a share, and a provision that gives all shareholders thirty (30) days from the date of receipt of the rescission offer to provide TecSec, Inc., with written notification of their decision to accept or reject the offer.

(b) TecSec, Inc., will provide to the Division a copy of the rescission offer for its review and comment at least ten (10) days before sending it to all shareholders.

(c) TecSec, Inc., will include with the written offer of rescission a copy of this Settlement Order.

(d) If the rescission offer is accepted, TecSec, Inc., will forward the payment to the shareholder within fifteen (15) days of receipt of the acceptance.

(e) Within sixty (60) days from the date of the Settlement Order, TecSec, Inc., will submit to the Division proof of certified mailing of the rescission offer and an affidavit, executed by John R. Petty, Edward M. Scheidt, and Carl Joseph Wack, which contains the date on which each shareholder received the offer of rescission, the shareholder's response, and, if applicable, the amount and the date that payment was sent to the shareholder.

(3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Kelly Faglioni, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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ADMISSION AND CONSENT

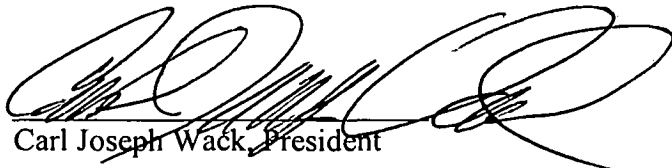
The Defendants, TecSec, Inc., John R. Petty, Polk Run, LLC, Edward M. Scheidt, and Carl Joseph Wack, admit to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consent to the form, substance and entry of the foregoing Settlement Order.

The Defendants further state that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.


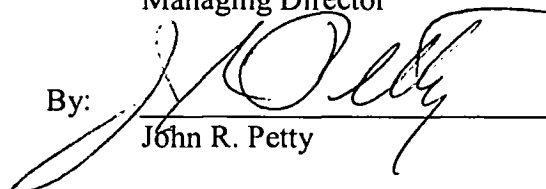

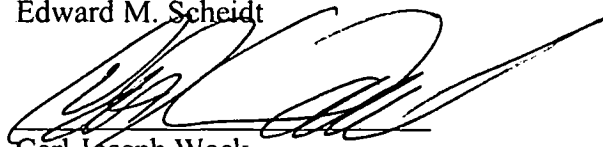
TecSec, Inc.

Date: 9-28-2011

By:


Carl Joseph Wack, President

Polk Run, LLC

Date: 9-28-11By: 
Edward M. Scheidt
Managing DirectorDate: 9-28-11By: 
John R. PettyDate: 9-28-11By: 
Edward M. ScheidtDate: 9-28-11By: 
Carl Joseph Wack

Seen and Approved By:


Kelly Faglioni, Esquire
Hunton & Williams LLP