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Texas State Securities Board

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IN THE MATTER OF §
AFFORDABLE LEASING AND FINANCE LP; §
LEAP FROG CAPITAL LP; §
YOUR DOLLAR BUILDER, LLC; §
AND BRUCE A. CRAIG §

Order No. ENF-13-CDO-1727

TO: Affordable Leasing and Finance LP
c/o Bruce A. Craig, its Registered Agent
209 Ranch Road 620 N., Suite 340, Austin, Texas 78734

Leap Frog Capital LP
c/o Bruce A. Craig, its Registered Agent
209 Ranch Road 620 N., Suite 340, Austin, Texas 78734

Your Dollar Builder, LLC
c/o Bruce A. Craig, its Registered Agent
209 Ranch Road 620 N., Suite 340, Austin, Texas 78734

Bruce A. Craig
209 Ranch Road 620 N., Suite 340, Austin, Texas 78734

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-43 (West 2010 & Supp. 2012) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. Affordable Leasing and Finance LP (“Respondent ALF”) is a domestic limited partnership that maintains a last known address of 2009 Ranch Road 620 N., Suite 340, Austin, Texas 78734.
2. Leap Frog Capital LP (“Respondent LFC”) is a domestic limited partnership that maintains a last known address of 2009 Ranch Road 620 N., Suite 340, Austin, Texas 78734.
3. Your Dollar Builder, LLC, (“Respondent YDB”) is a domestic limited liability company that maintains a last known address of 2009 Ranch Road 620 N., Suite 340, Austin, Texas 78734. Respondent YDB is the general partner of Respondent LFC.
4. Bruce A. Craig (“Respondent Craig”) maintains a last known address of 2009 Ranch Road 620 N., Suite 340, Austin, Texas 78734. Respondent Craig is the registered agent and general manager of Respondent ALF and the managing member of Respondent YDB
5. Respondents are offering investments in a private money lending program and investments in a limited partnership in Texas. The investments are being offered through various means, including an Internet website accessible by the general public, online video presentations, magazine publications and sales seminars directed toward senior citizens and retirees.
6. Respondents are touting the safety and profitability of the aforementioned investments as well as the business experience of Respondent Craig. For example, Respondents claim that:
 - a. The private money lending program and the investment in units “will safely and securely yield 15-20 times what you can get in interest from a bank and not have your principal at risk as people do in the stock market.”
 - b. Investors may “earn 15-20 times more than with banks or traditional investments. Tax-free!”
 - c. The investments are “unlike stocks” because “your principal is never at risk.”
 - d. There is “No Volatility! (Your Principal Remains the Same and You Earn a Reliable and Certain Return, Unlike the Stock Market!)”
 - e. The investment programs are “safe and secured with real estate.”

- f. Respondent Craig “has been proprietor of his own businesses since 1980” and from “1987 to 1995 Mr. Craig headed a group that bought, sold, managed and serviced multimillion dollar portfolio of discount real estate secured mortgages on a nationwide basis.”
 - g. “From 1998-2003 Mr. Craig joined a manufacturing company with multi-million sales, to create an in-house finance program to provide financing and full servicing for dealers and their clients in 18 states.”
 - h. Respondent Craig, over the last 31 years has been a real estate investor, and during the last 23 years, he has managed millions in self-directed IRA funds.
7. Respondents ALF and Craig are offering investments in real estate loans and discounted real estate notes as part of the private money lending program. They are describing these investments as follows:
- a. Investors establish an account with Respondent ALF and invest a minimum of \$5000.00. Respondent ALF also requires the investor to execute a Limited Power of Attorney, appointing Respondent ALF to be its true and lawful attorney-in-fact.
 - b. Respondent ALF identifies and qualifies potential real estate loans and discounted real estate notes.
 - c. Investor monies are then used to fund the real estate loans and to purchase the discounted real estate notes.
 - d. Respondent ALF thereafter services the loan, collects payments from parties and provides statements to the investors.
 - e. Respondent ALF is responsible for taking steps to collect payments when a borrower defaults on a real estate loan or discounted real estate note. Respondent ALF is also authorized to retain attorneys on the investor’s behalf and commence and pursue foreclosure proceedings.
 - f. Respondent ALF pays investors principal and/or interest on a monthly basis unless investors authorize Respondent ALF to reinvest their interest so that it compounds on a monthly basis.
 - g. Respondent ALF is also offering potential or current investors a \$100.00 credit toward their first transaction and a \$100.00 credit for any referrals provided to Respondent ALF.

8. Respondents ALF and Craig are also offering investors the opportunity to invest in equipment leases as part of the private money lending program. They are describing this opportunity as follows:
 - a. An investor loans at least \$5,000 to Respondent ALF. The loan between Respondent AFL and the investor is evidenced with a note.
 - b. Respondent ALF identifies one or more homeowners who need financing to purchase equipment, such as an air conditioning system, hot water heater or a heating system.
 - c. Respondent ALF purchases the equipment from a contractor at a wholesale price. It thereafter leases equipment to the homeowners. The homeowners make monthly payments, by automatic bank draft, to Respondent ALF pursuant to their leases, and a portion of the monthly payment is applied to the retail purchase price of the equipment. Respondent ALF also requires that it be listed as a lien holder on each homeowner's insurance policy.
 - d. The leases collateralize the loan between the Respondent ALF and the investor.
 - e. Respondent ALF replaces any defaulted lease with a performing lease of equal or greater value. Respondent ALF also represents that it will attempt to physically repossess leased equipment in the event of default.
 - f. Respondent ALF pays investors principal and interest pursuant to the terms of the original loan. In lieu of receiving payments, investors may authorize Respondent ALF to reinvest their interest so that it compounds on a monthly basis.

9. Respondents are also offering limited partnership units in Respondent LFC and they are describing the offering as follows:
 - a. Respondents are representing that the offering is being conducted pursuant to Regulation D, Rule 506, and that Respondent LFC is accepting up to thirty-five non-accredited investors and an unlimited number of accredited investors.
 - b. Respondent LFC is selling up to 1600 units for \$25,000 per unit. Respondents state the capital collected will be held in an interest-bearing account until ten units have been fully funded. Once ten units or \$250,000.00 has been collected, Respondents will commence operations.
 - c. Respondent LFC will invest in real estate and finance real estate transactions, including hard money loans secured by real estate,

discounted real estate loans, and single family residences for rehabilitation and resale. Respondents anticipate that the fund will receive sufficient revenue to pay investors an eleven to fifteen percent return. The return will be paid as follows:

- i. Respondent YDB, the General Partner/Manager of the fund, will be paid a four percent fee. Two percent is an administration fee and two percent is a servicing fee which will be paid monthly, commencing July 1, 2013;
 - ii. Investors will then collectively receive a seven percent preference on all profits realized during each year; and
 - iii. After seven percent of the profits are distributed to investors, they will split the profits with the general partner. Investors will receive forty percent of remaining profits and Respondent YDB, the general partner, will receive sixty percent of remaining profits.
10. The private money lending program and the limited partnership units have not registered by qualification, notification, or coordination and no permit has been granted for their sale in Texas.
11. Respondents have not registered with the Securities Commissioner as dealers or agents at any time material hereto.
12. Respondents are intentionally failing to disclose one or more of the following material facts in connection with the offer of the private money lending program and the limited partnership units in Respondent LFC:
 - a. The Chapter 11 Bankruptcy filed on December 6, 2010, by Respondent Craig in the United States Bankruptcy Court, Western District of Texas, Austin Division, Cause Number 10-13357-cag, claiming liabilities over \$2,500,000.00;
 - b. The lawsuits filed against Respondent Craig and businesses that were under his control, including the following:
 - i. A lawsuit filed in or around January 2003, styled George LeFebvre vs. Bruce Craig, Cause No. E-162, 936, 172nd Judicial District Court, Jefferson County, Texas, wherein plaintiff secured a judgment in his favor in the amount of \$188,608.00;
 - ii. A lawsuit filed in or around 2007, styled Regency of Nebraska, Inc. vs. Bruce Craig, Cause No. 108272, Jefferson County Court at Law, Beaumont, Jefferson County, Texas;

- iii. A lawsuit filed in or around 2007, styled American Express vs. Bruce Craig, Cause No. C-1-CV-09-003706, 419th Judicial District, Travis County, Texas, wherein plaintiff secured a judgment in its favor in the amount of \$236,413.88;
 - iv. A lawsuit filed in or around 2007, styled Bank of America/FIA Card Services, N.A. vs. Bruce Craig, Cause No. C-1-CV-09-009144, Travis County Court at Law No. 1, Travis County, Texas, involving a claim in the amount of \$72,846.16;
 - v. A lawsuit filed on March 31, 2008, styled Mid-Continent Casualty Company vs. Julie Craig, Bruce Craig, Centurion Capital, Inc., Bullfrog Builders, LP and San Augustine Development, LP, Cause No. C-1-CV-08-003348, County Court at Law No. 1, Travis County, Texas, wherein plaintiff secured a judgment in its favor in the amount of \$53,729.00;
 - vi. A lawsuit filed in or around 2009, styled Ronald and Lisa McBroom vs. Bruce Craig, Cause No. 107630, Jefferson County Court at Law No. 1, Beaumont, Jefferson County, Texas, involving a Deceptive Trade Practices Act claim in the amount of \$3,500.00;
 - vii. A lawsuit filed on January 14, 2010, styled MetLife Home Loans vs. Bruce Craig, Cause No. 50602, 356th Judicial District Court, Hardin County, Texas;
 - viii. A lawsuit filed on April 19, 2010, styled Citibank (South Dakota), N.A. vs. Bruce Craig, Cause No. C-1-CV-10-003769, Travis County Court at Law No. 2, Travis County, Texas, involving claims in the amount of \$10,880.65 and \$4,991.65; and
 - ix. The State of Texas vs. Hydro-Action Inc., Cause No. GV-304379, 200th Judicial District Court, Travis County, Texas, wherein plaintiff secured a judgment in its favor in the amount of \$14,859.91.
13. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public, to wit:
- a. Respondents are representing that the offering of limited partnership units in Respondent LFC is conducted pursuant to Regulation D, Rule 506, which is materially misleading or otherwise likely to deceive the public because the exemption prohibits the use of general solicitation;
 - b. Respondents are touting Respondent Craig's experience and success in operating businesses from 1980 through 2003, which is materially misleading or otherwise likely to deceive the public because Respondents

are not disclosing that, after 2003, Respondent Craig was subject to the aforementioned lawsuits and also filed for bankruptcy in 2010;

- c. Respondents are telling potential investors that they will receive a \$100.00 credit for referrals, which is materially misleading or otherwise likely to deceive the public because Respondents are not disclosing that dealers and agents must be registered with the Texas State Securities Board;
- d. Respondents are touting the safety and security of the aforementioned investments, which is materially misleading or otherwise likely to deceive the public because Respondents are not disclosing the material facts identified herein.

CONCLUSIONS OF LAW

- 1. The above-described investments are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
- 2. Respondents are violating Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
- 3. Respondents are violating Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
- 4. Respondents have made an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
- 5. Respondents are engaging in fraud in connection with the offer for sale of securities.
- 6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
- 7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

- 1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.

2. It is further ORDERED that Respondents immediately CEASE AND DESIST from the offer and sale of securities in Texas until Respondents are registered with the Securities Commissioner as dealers or agents or an available exemption from registration is utilized.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in or from Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in or from Texas.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine not to exceed \$10,000, or imprisonment in the penitentiary for not more than ten years or less than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 18th day of July, 2013.


JOHN MORGAN
Securities Commissioner