

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: *

DIVERSIFIED MARKETING *
CONSULTANTS, INC., *
a.k.a. DMC, a.k.a. SHOP D2Z, *
and *
LAMONDES D. WILLIAMS * Securities Division No. 2009-0383
and *
DIGITAL-ZONE ELECTRONICS *
WAREHOUSE *
and *
MAINLINE PROPERTIES, LLC, *

RESPONDENTS. *

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**SUMMARY ORDER TO CEASE AND DESIST
AND ORDER TO SHOW CAUSE**

WHEREAS, the Maryland Securities Commissioner (the “Commissioner”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2007 Repl. Vol. & Supp. 2009) (the “Securities Act”), initiated an investigation into the activities of Diversified Marketing Consultants, Inc., a.k.a. DMC, a.k.a. Shop D2Z, Lamondes D. Williams, Digital-Zone Electronics Warehouse, and Mainline Properties, LLC (collectively “Respondents”); and

WHEREAS, the Commissioner has determined that Respondents have engaged and are about to engage in acts or practices constituting violations of the registration and antifraud provisions of the Securities Act; and

WHEREAS, the Commissioner has determined that immediate action against Respondents is in the public interest;

NOW THEREFORE, pursuant to section 11-701.1(a) of the Securities Act, it is hereby:

ORDERED that Diversified Marketing Consultants, Inc., a.k.a. DMC, a.k.a. Shop D2Z, Lamondes D. Williams, Digital-Zone Electronics Warehouse, and Mainline Properties, LLC, their officers, directors, employees, agents and anyone else involved in the solicitation or sale of investments in or through Diversified Marketing Consultants, Inc., immediately cease and desist from soliciting, offering, or selling investments or participatory interests in DMC or operating any form of pyramid program in or from Maryland, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order is punishable as a criminal offense under section 11-705 of the Securities Act by a fine not exceeding \$50,000 or imprisonment not exceeding three years, or both.

IT IS FURTHER **ORDERED** that each Respondent show cause why a final order should not be issued assessing that Respondent the statutory penalty of \$5,000 per violation of the Securities Act, and permanently barring that Respondent from the securities or investment advisory business in Maryland.

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Securities Act.

II. RESPONDENTS

2. Lamondes D. Williams (“Monte Williams”), with an address in Clinton, Maryland, at all relevant times has been the principal of Diversified Marketing Consultants, Inc.

3. Diversified Marketing Consultants, Inc., a.k.a. DMC, a.k.a. Shop D2Z (“DMC”), with addresses in Laurel and Gambrills, Maryland, at all relevant times has been engaged in soliciting “members” or “employees” in its program with the promise of commissions from future recruitments and reduced cost auto and apartment leases in exchange for the payment of advance fees.

4. Shop D2Z is the online shopping service of DMC.

5. Mainline Properties, LLC (“Mainline”), with an address in Laurel, Maryland, at all relevant times has been affiliated with DMC, ostensibly to assist in providing the apartment leases.

6. Digital-Zone Electronics Warehouse (“Digital-Zone”), with an address in Gambrills, Maryland, at all relevant times has been affiliated with DMC in providing leases and in connection with the supposed sale of cell phones.

III. STATEMENT OF FACTS

7. Beginning in 2009, Respondents began offering investors the opportunity to become “employees” or “members” of DMC by paying an application fee, and subsequently monthly fee, of \$100 in exchange for the opportunity to earn commissions and, for a highly-discounted advance fee, the use of an apartment or car for a year.

8. Respondents conducted frequent meetings in hotels around the metro Baltimore area, including the Hyatt Owings Mills, the Mount Vernon in Baltimore, the Reisterstown Hilton, the Radisson in Baltimore, and others.

9. The meetings were open to the public, and invitation was primarily by word of mouth.

10. At those meetings various DMC spokespersons, including Lamondes Williams and others, would solicit individuals to join DMC and become “sales reps.” Those joining could sign up other “sales reps” and create a downline, earning commissions for everyone who joined in or through their downline.

11. Despite some talk of commissions for selling cell phones, it was not necessary to sell any phones, goods or services; there were none. All that was required to earn commissions was to sign up other people as “reps” or provide the names of other potential “reps” who could be solicited to join.

Securities Offering in Maryland

12. Beginning in Spring 2009, Respondents held seminars in various hotels in the metro-

Baltimore area for the purposes of explaining the DMC program and soliciting investors. At some times, meetings were held every night of the week in different hotels throughout the metro area.

13. The meetings were conducted by Lamondes Williams or others. Attendees were told how they could make money by investing money and becoming “sales reps.”

14. The meetings are sponsored by DMC, an umbrella company under which several affiliated or related business entities are gathered and linked together. The president of DMC is Lamondes “Monte” Williams, who brought the program to Baltimore in March 2009.

15. The entities related to DMC include Mainline Properties LLC, of which Lucillious “Lou” Williams, Monte’s brother, is president. Mainline’s function has been to manage the application process by which DMC “employees” are placed into rental apartments, with rents to be paid to the apartments usually by Digital-Zone Electronics Warehouse LLC.

16. Lou Williams also is president of Digital-Zone. DMC opened a store for Digital-Zone on Reisterstown Road in Baltimore to sell cell phones and other electronic goods. DMC kept the store open for only about a month, but then was released from the lease due to non-payment of rent. Digital-Zone was a source of payments or commissions to the sales reps (the “members,” or prior investors).

17. Digital-Zone and Mainline were involved in placing “employees” or “members” into apartments.

18. Another related entity is ShopD2Z, which was an online page for DMC.

19. As it was explained at one meeting, the purpose of the meeting was to get people to invest in DMC, and thereby acquire income, housing, and a car. An investor had to pay \$100 to join DMC and then pay \$100 a month, or could sign up by providing a list of names and telephone numbers of 5 (later changed to 25, then 100) friends or family who could be contacted about joining. Lamondes Williams increased the number of referrals required to join because the contact information for potential investors was worth more than the \$100; however, in months to follow the sales reps still had to pay the \$100.

20. After paying and joining, one investor became an “administrative employee” of DMC, and could set up her own downline and receive commissions for each person she added to the downline. The “employment” or “sales rep” agreements were between DMC and the individuals recruited.

21. It was not necessary to sell any product to make money. There was no product to sell except supposedly cell phones, but that was not clear to the sales reps until August/September 2009. The real goal was to recruit new members. The investors were told that new-member recruitment is how DMC makes money, and that was its source of income.

22. “Employees” also had the right to request a DMC-paid rental apartment once they had brought in five friends, who also brought in five, and each of them brought in five (three downlines of five each, all paying a membership fee of \$100 per month).

23. For example, a sales rep would pay Monte Williams a sum of \$3,000 to \$5,000 or more, and would be given an apartment rent-free (to the sales rep) for a year, in any of a number of residential apartment complexes in the metro area.

24. Most of the applications for the apartments were made in the name of Digital-Zone or Mainline, rather than the name of the individual applicant, who might have bad credit or job history. A DMC administrator signed the applications on behalf of DMC and the individual. Monte Williams signed for them prior to that investor’s employment.

25. For those who acquired an apartment unit through Digital-Zone, payment of their BGE utility bills and Comcast cable also were included.

26. In some cases the sales reps/employees also paid Monte Williams to acquire an automobile as well as an apartment. They could choose the make of car they wanted, pay hundreds or thousands up front, and DMC would lease the car for them.

27. While working at DMC, one employee managed one payroll account from which only a few people were paid, including the sales reps’ commissions, and Monte and Lou Williams, who at one time were

each paid \$5,000 per week. There was another account for Digital-Zone, from which the sales reps' commissions on their downlines were paid.

28. During the time period from June to September 2009, the company's database showed that about 500 people joined DMC. Some may have joined with the initial \$99 but did not continue to pay the monthly membership fee. Some reps paid, stayed a month or two, and then left.

29. Based on the DMC database, one employee who left DMC at the end of September 2009, calculated that DMC had raised some \$800,000 since February 2009, when Monte Williams started the business in the Baltimore market.

30. By the end of 2009, about 115 investors had been placed in apartments around the area, including units in Owings Mills, Columbia, Laurel, and elsewhere.

31. Leasing arrangements were made by Respondents, and they were responsible for paying the monthly rentals for each apartment.

32. Recently, the checks paid by Respondents for the rental apartments have been returned, unpaid. Most lease payments are not being paid. The investor residents are facing eviction from their apartments long before the year's rent promised by Respondents.

33. Respondents are operating an advance fee scheme, in which investor "employees" pay to join DMC and then be able to recruit others, and pay a small fee in advance for a promised year's lease of an apartment or automobile.

34. Respondents are operating a pyramid scheme, in which Respondents' profits and an investor's / "employee's" supposed profits come not from the sales of products but from the recruitment of other investors.

35. Respondents are operating a ponzi scheme, in which an investor's / "employee's" profits and benefits, in the form of commissions or rent, come not from the sales of products but from investment monies paid to DMC by later investors.

No Securities Registration or Exemption Filing in Maryland

36. The Securities Division has no record of securities registration for an offering by the name of “Diversified Marketing Consultants, Inc.,” “DMC,” “Shop D2Z,” “Mainline Properties LLC,” or “Digital-Zone Electronics Warehouse.” No claim of exemption or status as a federal-covered security has been made with the Division for any such offering.

37. Diversified Marketing Consultants, Inc. / DMC is not registered with the Securities Division as a broker-dealer, securities agent, investment adviser or investment adviser representative.

38. ShopD2Z, Mainline Properties, and Digital-Zone Electronics Warehouse are not registered with the Division as a broker-dealer, securities agent, investment adviser or investment adviser representative.

39. Lamondes Williams is not registered with the Securities Division as a broker-dealer, securities agent, investment adviser or investment adviser representative.

COUNT I
(Offer of Unregistered Securities)

WHEREAS, section 11-501 of the Securities Act makes it unlawful for any person to offer or sell a security in this state unless the security is registered, is exempt from registration under the Act, or is a federal covered security; and

WHEREAS, Respondents have offered and continue to offer passive investments, whereby investors need only invest their funds supposedly to earn the claimed profits; and

WHEREAS, by promising to pay profits on investments in the foregoing manner, Respondents are engaged in the offer and sale of an investment contract, which is specifically defined as a security at section 11-101(r) of the Securities Act; and

WHEREAS, Respondents have offered and continue to offer to pay additional returns to investors who refer new investors, in the form of a pyramid scheme or ponzi scheme; and

WHEREAS, the securities offered and sold by Respondents are not registered with the Division, nor has any claim of exemption from registration or status as a federal-covered security been filed for them; and

WHEREAS, Respondents have offered and sold securities in violation of the registration requirement of section 11-501 of the Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents, their officers, directors, employees, agents and anyone else involved in the offer or sale of DMC securities, cease and desist from offering and selling investments in or from Maryland, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that each Respondent show cause why a final order should not be issued, assessing each Respondent the statutory penalty of \$5,000 per violation of section 11-501, and permanently barring each Respondent from the securities and investment advisory business in Maryland.

COUNT II

(Unregistered Broker-Dealer and/or Agent)

WHEREAS, section 11-401 of the Securities Act makes it unlawful for any person to transact business in the offer and sale of securities in this state as a broker-dealer or agent unless that person is registered as such pursuant to the Act; and

WHEREAS, section 11-101(c) of the Securities Act defines "broker-dealer" to mean a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, section 11-101(b) of the Securities Act defines "agent" to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, Respondents transacted business as a broker-dealer or agent in this state by engaging

in the offer or sale of securities; and

WHEREAS, Respondents are not registered with the Division as a broker-dealer or agent, or in any other capacity;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents, their officers, directors, employees, agents and anyone else involved in the offer or sale of DMC securities, cease and desist from acting as broker-dealers or agents in this state pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that each Respondent show cause why a final order should not be issued, assessing each Respondent the statutory penalty of \$5,000 per violation of the section 11-401 broker-dealer and broker-dealer agent registration provisions, and permanently barring each Respondent from the securities and investment advisory business in Maryland.

COUNT III

(Employment of Unregistered Agents for Sale of Securities)

WHEREAS, the Act defines "broker-dealer" to include a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, the Act defines "agent" to mean an individual other than a broker-dealer, including a partner, officer or director of an issuer, who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, section 11-101(k) of the Act defines "issuer" to be a person who issues or proposes to issue a security; and

WHEREAS, the investment opportunities in the DMC program that Respondents offered or sold to investors are securities under the Act, in the form of investment contracts, interests in ponzi or pyramid schemes, and advance fee programs; and

WHEREAS, Respondents acted as broker-dealers or agents and offered and sold securities in and from Maryland without being registered to do so; and

WHEREAS, section 11-402 of the Act makes it unlawful for any broker-dealer or issuer to employ an agent for the offer or sale of securities in this state unless the agent is registered pursuant to the Act; and

WHEREAS, Monte Williams and other agents were employed by DMC as agents for the offer and sale of those securities, although not registered with the Division as an agent;

THEREFORE, IT IS HEREBY **ORDERED** that Respondents cease and desist from employing unregistered agents for the offer or sale of securities in or from this state, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that each Respondent show cause why a final order should not be issued, assessing each Respondent the statutory penalty of \$5,000 per violation of section 11-402's broker-dealer and broker-dealer agent registration-requirement provisions, and permanently barring each Respondent from the securities and investment advisory business in Maryland.

COUNT IV
(Material Misrepresentation or Omission)

WHEREAS, section 11-301 of the Act prohibits any person, in connection with the offer, sale or purchase of any security, directly or indirectly to: (1) employ any device, scheme or artifice to defraud; (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, Respondents claim that DMC will pay commissions and rent payments for investors/ "employees", but do not provide any information regarding how the investors' funds would be used to

generate future income, except by recruitment of other investors; and

WHEREAS, Respondents claim that investors will receive use of an apartment for a year paid by DMC but, in fact, investors are being evicted after only months, for non-payment of rent; and

WHEREAS, Respondents fail to provide disclosure information that a reasonable investor would find material in making an investment decision, such as the financial background of the companies and their officers and directors, or detailed information regarding the sources of income to pay the rents; and

WHEREAS, Respondents fail to disclose that the investment offering actually operates as a pyramid or ponzi scheme; and

WHEREAS, Respondents fail to disclose to potential investors that Lamondes Williams was convicted in the Circuit Court for Prince George's County in 2005 for operating a fraudulent pyramid scheme, and was sentenced to a term of five years and restitution of \$146,000, and did serve a period of incarceration for that crime;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents, their officers, directors, employees, agents and anyone else involved in the offer or sale of DMC securities cease and desist from engaging in fraudulent acts in connection with the offer or sale of securities, in violation of section 11-301 of the Securities Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that each Respondent show cause why a final order should not be issued, assessing each Respondent the statutory penalty of \$5,000 per violation of section 11-301, and permanently barring each Respondent from the securities and investment advisory business in Maryland.

**NOTICE OF HEARING
AND REQUIREMENT OF ANSWER**

_____ IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Act and COMAR 02.02.06.06, that each Respondent must file with the Securities Commissioner a written Answer to this Order within fifteen days of service of the Order. The Answer must admit or deny each factual allegation in the Order and should set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation should so state.

The Answer also must indicate whether the Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by any Respondent to file a written request for a hearing in this matter will be deemed a waiver by that Respondent of the right to a hearing.

Failure of a Respondent to file an Answer or a request for a hearing may result in entry of a final order directing that Respondent to permanently cease and desist from violation of the Securities Act and imposing the sanctions sought in this Order.

IT IS SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

May 5, 2010

