

**ADMINISTRATIVE PROCEEDING
BEFORE THE**

IV. RESPONDENTS

3. EOG is a Delaware corporation incorporated on November 11, 2012, with a last known principal place of business located at 517 King Street, Suite 7, Charleston, South Carolina 29403. EOG is doing business as Wellnest and operates a website accessible at www.wellnest.care.

4. Ramaci is a resident of Charleston County, South Carolina. During the Relevant Period, Ramaci was the founder and chief executive officer of EOG.

V. RELATED PARTIES

5. Mobile Life Labs, LLC (“Mobile Life Labs”) is a South Carolina Limited Liability Company formed on July 9, 2012, with a last known principal place of business located at 609 Ocean Boulevard, Isle of Palms, South Carolina 29451. Ramaci formed and is the registered agent for Mobile Life Labs.

VI. FINDINGS OF FACT

A. EOG and the Wellnest Products

6. In or around October 2015, Ramaci and EOG began promoting EOG’s business plan to develop and produce a “mobile network for connected health and wellness,” which included a series of electronic, voice-controlled devices. According to the Respondents, this voice-enabled, connected “health ecosystem,” which they called Wellnest, would simplify “caring for someone facing aging, chronic illness, disability, loneliness or risk.”

7. EOG initially focused on developing and promoting an “Amazon Alexa enabled wearable & social software platform that significantly improve[d] wellness & care through connectivity” (the “Wellnest Wearable”).

8. As promoted in an investor pitch deck, the Wellnest Wearable had four main functions:

- i. a “Medication reminder,” which provided reminders for when medications should be taken and recorded adherence to a HIPAA compliant database;
- ii. an “E911 Service,” which placed “direct” and “intelligent” 911 calls without the need for a separate phone and also notified the individual’s “circle of care” in the event of an emergency with the time and GPS location of the event;
- iii. “Social Wellness Support,” which brought all stakeholders and family members together to provide support for adherence, wellbeing, 911 notifications, and location based services; and
- iv. a “Location Based SMS,” which enhanced GPS capabilities coupled with patent pending software allowing only members in a loved one’s circle of care to get an accurate GPS location within seconds.

9. The Wellnest Wearable was also designed to be worn with different connectors such as a watch, keychain, or a necklace pendant. The Wellnest Wearable was portrayed in the investor pitch deck as follows:



10. EOG's website explains that Wellnest is an "integrated ecosystem of physical and digital products that leverage voice as the main method of interaction." Wellnest has the "capability to detect the emotions in the user's reply and to adjust the system[s] response to achieve a more effective and satisfactory user experience."

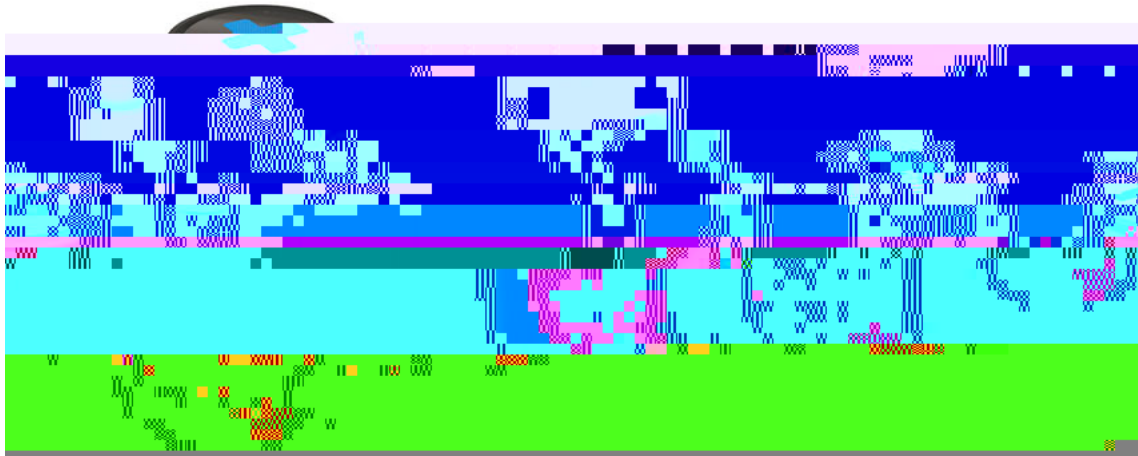
11. The website also claims that Wellnest "is capable of mapping emotions and their intensity, detecting [a] user's mood and interacting in the most effective way to support, or connecting user[s] to their circle of care when needed" and that Wellnest "engages in conversations throughout the day and listens to the user[s] response creating important material for emotional analysis."

12. Wellnest's website claims it uses "natural language interaction and deep learning technology to support the wellbeing of people. Wellnest discretely monitors [a] user's health status, detects possible signs of fragility, connects with [the user's] circle of care and verifies prescription adherence."

13. Wellnest asserts that its "emotional engine is the first and only [Artificial Intelligence] system able to understand emotions that drive choices and perceptions."

14. Throughout the Relevant Period, the Respondents presented to investors varying designs of the Wellnest Wearable as well as additional Wellnest products as described below.

15. According to EOG's website, EOG purportedly produced the following five Wellnest products: (i) the Wellnest Home; (ii) the Oculus; (iii) the Wellnest Mini; (iv) the Wellnest Wearable; and (v) the Wellnest Walkable. These devices are pictured and described below:



16. The Respondents claim that the Wellnest Home “interacts, connects and assists the users in their day to day routines.” The Respondents further claim that the Wellnest Home includes a barcode reader to scan medications, providing detailed information, uses, and possible scheduled intakes; an emergency button to make emergency calls to 911 and the user’s circle of care; a speaker outlet; 3D sound mapping with echo cancellation; a USB outlet for charging personal devices; and a dimmable light for notifications and mood lighting.

17. The Respondents claim that the Oculus “senses the user position from the source of his/her voice, and animates itself with an LED eye in the user’s direction.” Furthermore, the Respondents claim that the Oculus includes a “follow-me eye” and includes “speaking lights,” which are LED lights that simulate an individual speaking. The Respondents also claim that it includes an emergency button, an echo cancellation, and a speaker outlet.

18. The Wellnest Mini is the smallest of the products. The Respondents claim that the Wellnest Mini includes “speaking lights,” an emergency button, an echo cancellation, and a speaker outlet.

19. The Respondents claim that the Wellnest Wearable includes heart rate and blood pressure monitoring, fall detection, GPS, and an embedded mobile phone with LTE connection. Furthermore, the Respondents assert that the Wellnest Wearable is capable of vocal interaction and is able to measure the emotional state of the user and can tailor a system response.

20. The Respondents claim that the Wellnest Walkable can be attached to a walking aid, such as a cane or wheelchair, and that it includes fall detection, an emergency button, a speaker, and an automatic light for use in the dark.

21. The Respondents even target their Wellnest products to the veteran community by promoting the “Home Veteran” that can “recognize the signs of depression, loneliness and lack of happiness before veterans can harm themselves. The veteran will be immediately connected to professional support thanks to [Wellnest’s] unique ecosystem.” The Respondents claim that the Home Veteran device is even customizable to a specific branch of the armed forces, as pictured below.



22. Despite representations by the Respondents in investor solicitations, company press releases, and marketing ploys to third parties, the Respondents have yet to produce a functioning Wellnest product.

B. Respondents' Offer and Sale of Securities

23. During the Relevant Period, the Respondents offered and sold at least \$4,263,250.00 of unregistered and non-exempt securities to at least thirty-five (35) investors.

24. Beginning in or around February 2016, Ramaci began sol172 s art6, Ram

(\$2.00) per share and a royalty of one dollar (\$1.00) per unit sold until the investor received a return on their investment of one hundred and fifty percent (150%).

30. The Cyber Monday Sale-a-thon was exclusively offered to then current and existing investors for a forty-eight-hour period prior to being offered to new investors. Investors were allowed forty-eight hours to commit to this additional investment offering.

31. On or around January 20, 2018, the Respondents invited investors who invested via a Convertible Promissory Note to convert the notes to shares of common stock at the then current two dollars (\$2.00) per share valuation. The Respondents set the offer to expire seven days later on January 27, 2018.

32. According to the Respondents, this solicitation to convert the Convertible Promissory Notes to shares of common stock was prompted by an unknown investor requesting an opportunity for note holders to convert the Convertible Promissory Notes to shares of common stock because “[w]ith all the exciting news and the pace that [W]ellnest is making, I am assuming the stock valuation will naturally go up soon.”

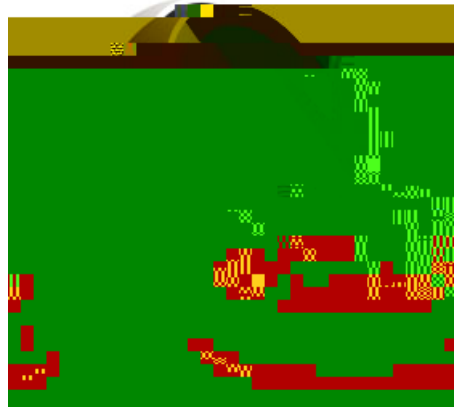
33. In response to investor inquiries regarding the January 20th conversion offer, Ramaci explained that the executed Convertible Promissory Notes would only be converted to shares of common stock at the time of maturity and that the Respondents were not obligated to provide a return of principal and accrued interest at the time of maturity.

34. On or around March 5, 2018, the Respondents released a press release announcing the addition of a chief marketing officer. In this press release, the Respondents once again represent that “Wellnest operates with Amazon’s Alexa devices...”

35. On or around May 2, 2018, Ramaci notified shareholders and investors that he was postponing the annual shareholder

Respondents had planned that the Wellnest product would be unveiled and that the Respondents would provide a demonstration of the product to shareholders at the meeting; however, the Respondents claimed there were minor manufacturing defects and instead of presenting a product with minor cosmetic defects the meeting would be postponed several weeks.

36. Several months later, on or around August 31, 2018, the Respondents held the annual shareholder meeting in Charleston, South Carolina. At this meeting, the Respondents displayed non-working mock-ups of the Wellnest Wearable and its charging station, including this device:



37. On or around October 18, 2018, the Respondents issued a press release, which stated that “[t]he Wellnest wearable provides 2-way communications, GPS location, fitness sensors, emergency response, fall-detection, medication and appointment reminders and integrates with Alexa devices and the Amazon world.” The press release further stated that “Wellnest is being made available through major health systems and direct purchase in the AT&T Connected Marketplace in June 2019.”

38. On or around February 17, 2019, the Respondents solicited an additional investment opportunity through a Convertible Promissory Note offering with a minimum investment of fifty thousand dollars (\$50,000).

39. The Convertible Promissory Notes offered a return of ten percent (10%) interest per year with the principal and accrued interest to be due and payable two years from the date of issuance. The Convertible Promissory Notes also provided a four-dollar (\$4.00) royalty to be paid per Wellnest device sold until the cumulative royalty paid to the noteholder equaled two hundred percent (200%) of the dollar amount invested by the noteholder.

40. However, if the Respondents closed on a qualified financing deal, defined as the Respondents receiving at least two million dollars (\$2,000,000) from an institutional or qualified investor, the outstanding principal and accrued interest under the Convertible Promissory Note would be converted into shares of common stock of EOG.

41. Ramaci stressed to the current investors that this offering would cease when the Respondents raised an aggregated offering amount of one million dollars (\$1,000,000).

42. On or around March 4, 2019, Ramaci stressed to current investors that “the Convertible Note offer with Royalties is considered very aggressive and as you know, has been capped at \$1M.” Ramaci then claimed that “[i]t appears that we may have interest in more than the \$1M being offered.”

43. On or around November 7, 2019, the Respondents solicited additional investments of up to four hundred thousand dollars (\$400,000) total with a minimum investment of fifty thousand dollars (\$50,000). In return, investors would receive common stock shares valued at four dollars (\$4.00) per share and would also receive fifty percent (50%) stock warrants allowing the investor to purchase common stock shares at fifty cents (\$0.50) per share.

44. On or around May 8, 2020, Respondents solicited an additional investment capped at an aggregate price of five hundred thousand dollars (\$500,000) for 500,000 shares of preferred stock.

personal expenses and would subsequently transfer additional funds into the account from the EOG bank account.

50. During the Relevant Period, the Respondents misappropriated at least four hundred fifty thousand dollars (\$450,000.00) of investor funds deposited in the EOG bank account for personal, non-business expenses.

51. During the Relevant Period, Ramaci received direct payments of at least one hundred sixty thousand dollars (\$160,000) of investor funds deposited in the EOG bank account.

52. During the Relevant Period, the Respondents also transferred at least seventy-four thousand, nine hundred and fifty dollars (\$74,950.00) of investor funds located in the EOG bank accounts to a bank account in the name of MRD Company S.R.L. (“MRD”). MRD is an Italian company associated with Ramaci. There is no evidence that the funds transferred to MRD were used for any purpose related to Wellnest.

53. Investors were not told that their invested funds would be transferred to MRD.

D. Material Misrepresentations and Omissions

54. The Respondents utilized an investor communications portal to relay information, to provide product and deal developments, and to solicit additional investment opportunities. Ramaci broadly used the investor portal to update investors on potential partnerships and deals between EOG and other companies that may have been interested in marketing, purchasing, or distributing the Wellnest products.

55. As part of the initial offering, Ramaci represented that the Wellnest Wearable was the only mobile healthcare product powered by Alexa and that the product was approximately fifty percent (50%) completed.

56. Ramaci once again represented, in the March 5, 2018, press release, that Wellnest integrated with Amazon's Alexa devices.

61. During the Relevant Period, the Respondents did not disclose to investors that the securities were not registered with the Division or not exempt from registration with the Division.

62. At all times relevant to this matter, there was no registration, no exemption granted, or notice filing indicating status as a “federal covered security” for any of the securities offered to investors.

VII. CONCLUSIONS OF LAW

63. Paragraphs 1 through 62 are incorporated by reference as though fully set forth herein.

64. The convertible promissory notes, stock purchase agreements, shares of common stock, and other investment opportunities offered and sold by the Respondents are securities as defined in S.C. Code Ann. § 35-1-102(29).

65. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration under Sections 35-1-201 through 35-1-203; or (3) the security is registered under this chapter.

66. The securities were and are required to be registered with the Division pursuant to S.C. Code Ann. § 35-1-301.

70. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make untrue statements of a material fact or to omit 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; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

71. The conduct of Respondents, as outlined above, constitute violations of S.C. Code Ann. § 35-1-501.

72. The Respondents' violations of the Act set forth above provide the basis for this Order, pursuant to S.C. Code Ann. § 35-1-604(a)(1).

73. This Order is appropriate and in the public interest, pursuant to the Act.

VIII. ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Each Respondent and every suc15 005 pursuaff ct se

- c. The Respondents shall jointly and severally pay the costs associated with this investigation in the amount of five thousand dollars (\$5,000.00) if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, pay the actual costs associated with the investigation and legal proceeding in accordance with S.C. Code Ann. § 35-1-604(e).

IX. NOTICE OF OPPORTUNITY FOR HEARING

Each of the Respondents is hereby notified that he/it has the right to a formal hearing on the matters contained herein. To schedule a hearing, a Respondent must file with the Division

This Office classifies information in accordance with the provisions of 5 U.S.C. 552 and E.O. 13526, as amended.

STONER

By: 
Jonathan D. Williams
Assistant Deputy Agency General