

To: Joint Budget Committee
Co-Chairs, Senator Larry Teague and Representative Lane Jean
c/o Kevin Anderson, Bureau of Legislative Research

Fr: Arkansas Securities Department

Re: Arkansas Securities Department Quarterly Report Pursuant to Act 269 of 2014

Date: January 12, 2015

During the second quarter of fiscal year 2015, the Arkansas Securities Department collected a total of \$37,750.01 in fines assessed from Consent Orders. Of this amount, \$26,750.01 was deposited to the Investor Education Fund, Fund SDH0100, and \$11,000 was deposited to General Revenues, Fund AGA0000. Additionally, \$75,000 was ordered to be offered or paid by respondents to Arkansas victims. A listing of the orders by the case name with detail of the amounts collected is provided on the attached spreadsheet. During this period, there were no settlements or agreements that directed payments to third parties other than the two consent orders that directed that restitution be paid or rescission be offered to the Arkansas victims. Copies of the Orders are available on the Department's website at www.securities.arkansas.gov under the legal section.

Pursuant to the Arkansas Securities Act, fines paid for violations involving the Securities Act go into the Investor Education Fund, until the balance reaches \$150,000. Securities Act fine money in excess of \$150,000 collected in any one year is designated as special revenues and deposited into the Securities Department Fund.

As set out in the attached spreadsheet, \$26,750.01 in fine money was deposited in the Investor Education Fund for the second quarter of fiscal year 2015. During the second quarter there were \$73,490.13 in expenditures from the Investor Education Fund. Expenditures included: \$69,882.33 for grants to sixteen public schools and one non-profit organization; \$299.04 for gas; \$377.26 for lodging; \$151.35 for meals for staff travel; \$2,307.01 for meals for participants and presenters; and \$473.14 for state car maintenance. The Investor Education program made 11 presentations to approximately 400 persons throughout the state. The programs included partnered presentations with APERS on Planning for Retirement that were directed to state employees, presentations on Arkansas Fighting Fraud directed to Senior Citizens, and presentations to groups about the basics of investing and investment fraud.

2nd Quarterly Report for Legislative Council FY2015

A	B	C	D	E	F	G	H	I	J
Date	Name of Order	Order Number	Amount of Funds Total	Funds Received by SDH0100	Funds Received by AGA0000	Rescission Offer or Restitution to Arkansas Investors	Activities Funded	Summary	Rationale
1									
2									
3	10/13/2014 Niaz Elmazi	S-12-0102-14-OR02	\$10,000.00	\$10,000.00	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$45,000 with initial payments of \$10,000 and monthly payments of \$2,916.67
4	10/13/2014 DSHITI, LLC	C-14-0051-14-OR01	\$8,000.00	\$0.00	\$8,000.00		General Revenue	Consent Order	Unlicensed activity under Money Services Act
5	10/20/2014 Michael Hazen Martin	S-11-0244-14-OR02	\$2,777.78	\$2,777.78	\$0.00		Appropriation 1MV	Consent Order	Installment payments of \$2777.78 per month
6	11/3/2014 Salvatore Gioe	S-13-0112-14-OR02	\$10,000.00	\$0.00	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$15,000 with an initial payment of \$10,000 and monthly payments of \$416.67 - Initial check of \$10,000 was returned for insufficient funds.
7	11/12/2014 Swanson Services Corporation	C-14-0042-14-OR01	\$3,000.00	\$0.00	\$3,000.00		General Revenue	Consent Order	Unlicensed activity under Money Services Act
8	11/25/2014 Michael Hazen Martin	S-11-0244-14-OR02	\$2,777.78	\$2,777.78	\$0.00		Appropriation 1MV	Consent Order	Installment payments of \$2777.78 per month
9	12/1/2014 Foundation DB, Inc.	S-14-0100-14-OR01	\$500.00	\$500.00	\$0.00		Appropriation 1MV	Consent Order	Late filing
10	12/5/2014 Niaz Elmazi	S-12-0102-14-OR02	\$2,916.67	\$2,916.67	\$0.00		Appropriation 1MV	Consent Order	Installment payment of \$2916.67
11	12/16/2014 Leonid Yurovsky	S-14-0041-14-OR01	\$55,000.00	\$0.00	\$0.00	\$55,000.00		Consent Order	Total amount of restitution ordered is \$55,000 to be paid in monthly installment payments on or before August 31, 2015.
12	12/17/2014 Michael Hazen Martin	S-11-0244-14-OR02	\$2,777.78	\$2,777.78	\$0.00		Appropriation 1MV	Consent Order	Installment payments of \$2777.78 per month
13	12/23/2014 Texas Energy Mutual, LLC; Bobby Gilliam; Steve Pereira; and Andy Stitt	S-14-0068-14-OR02	\$9,500.00	\$5,000.00	\$0.00	\$20,000.00	Appropriation 1MV	Consent Order	Total fine of \$9,500 ordered. \$5,000 deposited to SDH0100 on January 2, 2015. Respondent must offer rescission in the amount of \$20,000 to one investor.
14									
15	Totals		\$107,250.01	\$26,750.01	\$11,000.00	\$75,000.00			
16									
17	Total Funds Received by the Department				\$37,750.01				