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ARKANSAS SECURITIES DEPARTMENT

To: Legislative Council Committee
Co-Chairs, Senator Bill Sample and Representative David Branscum
c/o Marty Garrity, Bureau of Legislative Research
Fr: Arkansas Securities Department
Re: Arkansas Securities Department Quarterly Report Pursuant to Act 52 of 2015
Date: April 14, 2017

During the third quarter of fiscal year 2017, the Arkansas Securities Department collected a total of \$44,000.00 in fines assessed from Orders. \$26,000 was deposited to Special Revenue, Fund SIE0000, and \$13,000 was deposited to General Revenue. A listing of the orders by the case name with detail of the amounts collected is provided on the attached spreadsheet. There were no settlements or agreements that directed payments to third parties. 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 are deposited 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 general revenues. Fines collected pursuant to the Fair Mortgage Lending Act are designated as general revenues.

During the second quarter there were \$463.09 in expenditures from the Investor Education Fund. Expenditures include \$65.69 for fuel for the state car and \$397.40 for travel related expenses. The Investor Education program made 11 presentations to approximately 397 persons. The programs included presentations on Planning for Retirement that were directed to state employees, Stock Market Game – Investing for teachers, and Investing Basics for finance classrooms of higher education.

3rd Quarter Report for Legislative Council FY2017

	A	B	C	D	E	F	G	H	I	J
1	Date	Name of Order	Order Number	Amount of Funds	Funds Received by	Funds Received by	Rescission Offer or Restitution to	Activities Funded	Summary	Rationale
2				Total	SIE0000	AGA0000	Arkansas investors			
3										
4	1/27/2017	Ovation Alternative Income Fund LP	S-17-0001-17-OR01	\$1,000.00	\$1,000.00			Investor Education	Consent Order	Late filing for Reg D
5	2/14/2017	Douglas E. Anderson	S-16-0103-17-OR01	\$5,000.00					Consent Order	Denying application as investment adviser representative for failure to disclose tax liens and judgements. Fine is outstanding.
6	3/3/2017	European Hedge Fund, LLC	S-17-0019-17-OR01	\$1,000.00	\$1,000.00			Investor Education	Consent Order	Late filing for Reg D
7	3/13/2017	Suntrust Mortgage, Inc.	C-17-0010-17-OR01	\$13,000.00		\$13,000.00		General Revenue	Consent Order	Unlicensed loan officer activity
8	3/13/2017	Proequities, Inc./Aaron John Fulton	S-16-0108-17-OR01	\$2,000.00	\$2,000.00			Investor Education	Consent Order	Unregistered agent of broker-dealer
9	3/15/2017	Adam Curry Smith	S-16-0061-17-OR01	\$20,000.00	\$20,000.00			Investor Education	Consent Order	Accepted gifts from elderly client, violated fiduciary duty, violated company policy
10	3/15/2017	Lumoxchange, LLC	S-17-0026-17-OR01	\$1,000.00	\$1,000.00			Investor Education	Consent Order	Late filing for Reg D
11	3/21/2017	Vision Technologies, Inc.	S-11-0393-13-OR02	\$1,000.00	\$1,000.00			Investor Education	Consent Order	Unregistered securities and unregistered agent
12										
13										
14		Totals		\$44,000.00	\$26,000.00	\$13,000.00	\$0.00			