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ARKANSAS SECURITIES DEPARTMENT

B.1

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 167 of 2018

Date: January 14, 2019

During the second quarter of fiscal year 2019, the Arkansas Securities Department collected a total of \$510,500.00 in fines assessed from Orders. Of which, \$97,000 was deposited as special revenue to the Investor Education Fund and \$413,500 was deposited to general revenues. 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 total amount of fines collected reaches \$150,000 for each fiscal year. Securities Act fine money in excess of \$150,000 collected in any one year is designated as general revenues.

During the second quarter there were \$1,415.51 in expenditures from the Investor Education Fund. Expenditures include \$186.66 for freight, \$141.70 for printing \$130.96 for fuel for the state car, \$3,558.85 for promotional items, and \$123,964.36 for grants to public schools and Economics Arkansas. The Investor Education program made 6 presentations to approximately 350 persons. The programs included presentations on *What's Your Plan for Your Future* that were directed to inmates in the Department of Corrections re-entry program and investing basics and the regulation of the securities industry to college students.

2nd Quarter Report for Legislative Council FY2019

	A	B	C	D	E	F	G	H	I
	Date	Name of Order	Order Number	Total Amount of Fines Assessed	Funds Received by SIE0000	Funds Received by AGA0000	Rescission Offer or Restitution to Arkansas Investors	Activities Funded	Summary
1									
2									
3	10/10/2018	Gerald Donner, Jr. and Auxarc Asset Management Company	S-18-0089-18-OR01	\$2,500.00	\$2,500.00			Investor Education	Consent Order in connection with unsuitable recommendations to clients.
4	10/17/2018	Matthew Leon White	S-18-0105-18-OR01	\$5,000.00	\$5,000.00			Investor Education	Consent Order in connection with violations of the Rules of the Arkansas Securities Commissioner and approval of investment adviser registration
5	10/24/2018	LPL Financial LLC	S-17-0078-18-OR01	\$499,000.00	\$89,500.00	\$409,500.00		Investor Education/General Revenue	Consent Order involving sales of unregistered, non-exempt securities.
6	10/24/2018	Marble Ridge LP	S-18-0098-OR01	\$1,000.00		\$1,000.00		General Revenue	Consent Order for a late notice filing for a Reg D offering.
7	10/26/2018	Upstart Network Trust	S-18-0096-OR01	\$1,000.00		\$1,000.00		General Revenue	Consent Order for a late notice filing for a Reg D offering.
8	11/6/2018	7-Hybrid Cultivation LLC	S-18-0119-18-OR01	\$2,000.00		\$2,000.00		General Revenue	Consent Order concerning employing unregistered agents of the issuer
9									
10		Totals		\$510,500.00	\$97,000.00	\$413,500.00	\$0.00		