

To: Arkansas Legislative Council
Fr: Arkansas Securities Department
Re: Arkansas Securities Department Quarterly Report Pursuant to Act 269 of 2014
Date: October 14, 2014

During the first quarter of fiscal year 2015, the Arkansas Securities Department collected a total of \$104,258.34 in fines assessed from Consent Orders. Of this amount, \$78,758.34 was deposited to the Investor Education Fund, Fund SDH0100, and \$25,500 was deposited to General Revenues, Fund AGA0000. Additionally, an amount of \$10,512.53 was ordered to be paid by the registered persons that were the subject of the orders to Arkansas victims involved in the respective cases. 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 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, \$78,758.34 in fine money was deposited in the Investor Education Fund for the first quarter of fiscal year 2015. During the first quarter there were \$6,146.10 in expenditures from the Investor Education Fund. Expenditures included: \$4,521.32 for promotional material; \$304.22 for gas; \$94.42 for lodging; \$1,161.14 for meals for participants and presenters; and \$65.00 for seminar fees. The Investor Education program made 12 presentations to approximately 430 persons throughout the state. The programs included partnered presentations with APERS on Planning for Retirement that were directed to state employees, presentations on Arkansans Fighting Fraud directed to Senior Citizens, and Stock Market Game Teacher Training presentations. The Investor Education program provided educational materials to teachers including a curriculum for teaching the Basics of Saving and Investing.

A major expenditure for the Investor Education Fund budget is expected to occur in the second quarter of the fiscal year when the bulk of the investor education grants are awarded. This amount is budgeted for \$70,000 in Act 269 of 2014.

1st Quarterly Report for Legislative Council FY2015

Date	Name of Order	Order Number	Amount of Funds	Funds Received by SDH0100	Funds Received by AGA0000	Funds Received by Arkansas investors	Activities Funded	Summary	Rationale
7/15/2014	Christy D. Coffman	S-14-0024-14-OR01	\$2,500.00	\$2,500.00			Appropriation 1MV	Consent order	
7/22/2014	Michael Hazen Martin	S-11-0244-14-OR02	\$8,333.34	\$8,333.34			Appropriation 1MV	Consent order	Installment payments of \$2777.78 per month.
7/23/2014	Edward Raymond Segur III	S-13-0112-14-OR01	\$4,000.00	\$4,000.00			Appropriation 1MV	Consent order	
7/28/2014	J.P. Morgan Securities, LLC	S-14-0034-14-OR01	\$53,925.00	\$53,925.00			Appropriation 1MV	Consent order	
7/28/2014	Financial Concepts Mortgage Arkansas LLC	C-14-0070-14-OR01	\$500.00		\$500.00		General Revenue	Consent order	
7/31/2014	Trent A. Dodds	S-14-0024-14-OR02	\$2,500.00	\$2,500.00			Appropriation 1MV	Consent order	
8/1/2014	Jimmy Earl Power, Jr.	S-14-0002-14-OR01	\$5,000.00			\$5,000.00	restitution to investor	Consent order	Agent repaid money to 2 Arkansas clients.
8/11/2014	William David Crain	S-14-0019-14-OR02	\$5,000.00	\$5,000.00			Appropriation 1MV	Consent order	
	Crain (continued)		\$5,512.53			\$5,512.53	restitution to investor		Representative repaid advisory fees and paid market losses for period where representative acted without a contract with the client.
8/14/2014	CitiMortgage, Inc.	C-14-0073-13-OR01	\$20,000.00		\$20,000.00		General Revenue	Consent order	
8/25/2014	Oxford City Football Club, Inc.	S-14-0079-14-OR01	\$500.00	\$500.00			Appropriation 1MV	Consent order	
8/28/2014	Axxess Compounding, LP	S-14-0081-14-OR01	\$500.00	\$500.00			Appropriation 1MV	Consent order	
9/8/2014	Snoopwall, LLC	S-14-0077-14-OR01	\$500.00	\$500.00			Appropriation 1MV	Consent order	
9/8/2014	Addax Minerals Fund 2012, LP	S-14-0082-14-OR01	\$500.00	\$500.00			Appropriation 1MV	Consent order	
9/23/2014	Brentwood Investments, LLC	S-14-0078-14-OR01	\$500.00	\$500.00			Appropriation 1MV	Consent order	
9/24/2014	Xchange of America, LLC and Xchange of America, Inc.	C-14-0086-14-OR01	\$5,000.00		\$5,000.00		General Revenue	Consent order	Deposited on 10/1/14
	Totals		\$114,770.87	\$78,758.34	\$25,500.00	\$10,512.53			
	Total Funds Received by the Department				\$104,258.34				