

To: Arkansas Legislative Council
Co-Chairs, Senator Bill Sample and Representative David L. Branscum
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: April 10, 2015

During the third quarter of fiscal year 2015, the Arkansas Securities Department collected a total of \$297,216.69 in fines assessed from Consent Orders. Of this amount, \$44,491.65 was deposited to the Investor Education Fund, Fund SDH0100, and \$252,725.04 was deposited to General Revenues, Fund AGA0000. 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. 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 general revenues.

As set out in the attached spreadsheet, \$44,491.65 in fine money was deposited in the Investor Education Fund for the third quarter of fiscal year 2015. During the third quarter there was \$15.23 in expenditures from the Investor Education Fund for fuel for the state car. The Investor Education program made 6 presentations to approximately 130 persons throughout the state. The programs included presentations on Planning for Retirement that were directed to pre-retirees and state employees, presentations on fighting fraud directed to Senior Citizens, and training for teachers and school administrators about teaching investing basics.

2nd Quarterly Report for Legislative Council FY2015

	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	Activities Funded	Summary	Rationale
2				Total	SDH0100	AGA0000	Restitution to			
							Arkansas investors			
3	1/2/2015	Niaz Elmazi	S-12-0102-14-OR02	\$2,916.67	\$2,916.67	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$45,000 with initial payment of \$10,000 and monthly payments of \$2,916.67
4	1/5/2015	Denver Energy Exploration LLC	S-12-0138-14-OR01	\$2,000.00	\$2,000.00	\$0.00		Appropriation 1MV	Consent Order	Late filing and sales by unregistered agents
5	1/5/2015	FNC Insurance Agency, Inc.	C-14-0096-14-OR01	\$248,300.00	\$0.00	\$248,300.00		General Revenue	Consent Order	Unlicensed activity under Money Services Act
6	1/16/2015	Vision Technologies, Inc	S-11-0393-13-OR02	\$1,000.00	\$1,000.00	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$8,000 ordered. Sale of unregistered securities
7	1/16/2015	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. Final payment made.
8	1/26/2015	Texas Energy Mutual, LLC; Bobby Gilliam; Steve Pereira; and Andy Stitt	S-14-0068-14-OR02	\$4,500.00	\$4,500.00	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$9,500 ordered. Final payment of \$4,500 paid.
9	1/29/2015	Niaz Elmazi	S-12-0102-14-OR02	\$2,916.67	\$2,916.67	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$45,000 with initial payment of \$10,000 and monthly payments of \$2,916.67
10	2/12/2015	Salvatore Gioe	S-13-0112-14-OR02	\$2,500.00	\$2,500.00	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$15,000. Initial check of \$10,000 was returned for insufficient funds. New payment schedule of initial payment of \$2,500 and monthly payments of \$694.45.
11	2/12/2015	Salvatore Gioe	S-13-0112-14-OR02	\$694.45	\$694.45	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$15,000. Initial check of \$10,000 was returned for insufficient funds. New payment schedule of initial payment of \$2,500 and monthly payments of \$694.45.
12	3/4/2015	Niaz Elmazi	S-12-0102-14-OR02	\$2,916.67	\$2,916.67	\$0.00		Appropriation 1MV	Consent Order	Total fine of \$45,000 with initial payment of \$10,000 and monthly payments of \$2,916.67
13	3/4/2015	St. Bernard Financial Services, Inc, Robert Keenan, Jr.	S-12-0063-15-OR07	\$25,000.00	\$22,269.41	\$2,730.59		Appropriation 1MV/General Revenue	Consent Order	Failure to maintain adequate supervisory policies
14	3/10/2015	Alexander Brett Kogan	S-13-0110-14-OR01	\$1,000.00	\$0.00	\$1,000.00		General Revenue	Consent Order	Unsuitable recommendations
15	3/26/2015	Salvatore Gioe	S-13-0112-14-OR02	\$694.45	\$0.00	\$694.45		Appropriation 1MV	Consent Order	Total fine of \$15,000. Initial check of \$10,000 was returned for insufficient funds. New payment schedule with initial payment of \$2,500 and monthly payments of \$694.45.
16		Totals		\$297,216.69	\$44,491.65	\$252,725.04	\$0.00			
17										
18		Total Funds Received by the Department			\$44,491.65					