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ARKANSAS SECURITIES DEPARTMENT

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FOR IMMEDIATE RELEASE

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**ARKANSAS SECURITIES COMMISSIONER SUES WM. DARRELL LAINHART,
WIFE, TWO COMPANIES AND TWO OTHERS FOR SECURITIES FRAUD
AND SALE OF UNREGISTERED SECURITIES; OBTAINS
TEMPORARY RESTRAINING ORDER AGAINST ALL DEFENDANTS AND
ASSET FREEZE AGAINST LAINHARTS AND COMPANIES**

In response to a complaint filed by Arkansas Securities Commissioner A. Heath Abshure, the Pulaski County Circuit Court issued a temporary restraining order against Clean Technology International Corporation (CTIC), Diamond Capital Corporation (DCC), William Darrell Lainhart (Lainhart), his wife, Irene M. F. Lainhart, Rex Robertson and James Stead, Jr. The Court also entered an asset freeze against CTIC, DCC, the Lainharts, and the Capital Heritage Irrevocable Trust and the Capital Heritage Revocable Trust, two trusts controlled by the Lainharts.

Selling CTIC stock over many years through both CTIC and DCC, Lainhart collected approximately \$12.8 million from investors. Abshure alleges that Lainhart committed securities fraud in selling the unregistered shares of CTIC stock. According to Abshure's complaint, Lainhart made numerous material misrepresentations in order to sell the unregistered stock, including representations that CTIC was going public soon and that the CTIC stock that Lainhart offered to investors at \$0.67 to \$5 a share would open at \$20 to \$25 and rise shortly to \$100 to \$200 a share.

Abshure also alleges that Lainhart fraudulently represented that CTIC had contracts with government entities and large corporations, that Lainhart failed to tell investors about his disciplinary history in the securities industry, and that Lainhart fraudulently told investors that the money would be used by CTIC to further its business. Instead, the complaint alleges that the Lainharts used the money from the sale of CTIC stock for their own personal expenses and purchases. Prominent among these purchases were real estate purchases, including a several thousand acre property straddling Hot Spring and Garland Counties known as Little Switzerland, and a collection of old and antique cars.

Robertson, a Little Rock resident, purchased and sold a great deal of CTIC stock. Abshure seeks injunctive relief and disgorgement from him on essentially the same grounds of unregistered securities

sales and securities fraud. Stead, a Chicago resident registered as an agent of a broker-dealer in Chicago, is alleged to have sold CTIC stock off the books of his employer, acting as an agent of CTIC and receiving commissions for the sales.

The Court's temporary restraining order stops sales activities by all defendants, but freezes the assets of only the corporate defendants and the Lainharts.

Ted Holder, Senior Attorney for the Arkansas Securities Department, stated "The Department's allegations, basically stated, are that Lainhart lied to investors to sell securities, failed to register the securities that he sold, and then used the proceeds for his own use. Because the Department is concerned that Lainhart will squander assets purchased with the investors' money, the Department sought an asset freeze so that there may be some relief to defrauded investors."

The public is advised that the Staff of the Department is continuing its investigation into this matter. Should anyone have any further information, please contact Shannon Holloway Underwood at 501/683-0806 or Ted Holder at 501/324-8678. Copies of the pleadings and temporary restraining order are available on the Department's website, www.securities.arkansas.gov.