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BEFORE THE ARKANSAS SECURITIES COMMISSIONER 19 MAR 26 AM 10:49

ARKANSAS SECURITIES DEPT.

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**IN THE MATTER OF:  
HOT COE COE LLC A/K/A  
DICLOPS.COM**

**CASE NO S-19-0029  
ORDER NO. S-19-0029-19-OR01**

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### **CEASE AND DESIST ORDER**

On March 26, 2019, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for a Cease and Desist Order (“Request”), stating that it has information and certain evidence that indicates Hot Coe Coe LLC also known as Diclops.com (“Diclops”) has violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. § 23-42-101 through § 23-42-509. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon representations made therein, finds that:

### **FINDINGS OF FACT**

The Staff’s Request asserts the following representations of fact:

1. Diclops is an Arkansas corporation. Diclops lists its principle place of business on its filing with the Arkansas Secretary of State’s office as 701 South Street, Suite 100, Mountain Home, Arkansas. Diclops’ information page from the Arkansas Secretary of State’s website is attached to the Staff’s Request as “Exhibit 1”. Diclops’ address listed with the Arkansas Secretary of State is also the same address listed on the Diclops website “Contact Us” page. Diclops is not registered with the Arkansas Securities Department (“Department”) in any capacity.
2. Diclops maintains a website with the web address of [www.diclops.com](http://www.diclops.com). On the Home page of said website, which is attached to the Staff’s Request as “Exhibit 2”, it discusses

in detail investing in Diclops. On said home page under the Investors section, it repeatedly states that an investment in Diclops will produce a rate of return of up to 2,500% in 1-2 years. In this same section it also states, "We have another business plan to monopolize another particular sector, the food industry. We will probably go public with that company and we will keep you in mind when we do do on IPO (offer on the NYSE)." In addition, this section of the Diclops website discusses sending potential investors a promissory note either before or after the investor sends money to Diclops. Finally, under the proposal section of said website it states, "If you are an accredited investor that would like to invest in our business ... and possibly make 10,000% or more gains ... please contact us."

3. Diclops made repeated omissions and misstatements or misrepresentations of material information about the securities it offers for sale to Arkansas residents. The website mentioned in paragraph two fails or omits to provide any details about how Diclops' business will be structured, managed or operated. In addition, the website fails to state or provide any information concerning how Diclops will expand its business to create or generate the revenue necessary to pay the extraordinarily high rates of return or gains listed in paragraph two.

4. While the Diclops website does discuss the risk that Diclops could fail completely and investors could lose some or all of their investment, Diclops fails to discuss all of the risks involved in investing in Diclops. Diclops fails to discuss risks, such as mismanagement, conflicts of interest or fraud risks, in its discussion of the Diclops investment risks. In addition, near the end of the discussion of risk on the Diclops website it states that, "... We have calculated the risk and think we can pull this off and make everyone a lot of money. We hope you trust us and we hope you join us in this risk/reward venture." Diclops fails or omits to include any details or information concerning any risk calculations that it may or may not have completed.

5. On the Facebook home page for Diclops it states, “We are a weather control company who is currently raising money. We hope to make millions off of it and reward those who gamble on our offer.” Later on the same page it states, “...We are a new fledgling company and trying to raise money. Please see site for details and investment opportunity.” Said page is attached to the Staff’s Request as “Exhibit 3”. The Facebook pages for Diclops fail or omit to discuss any specifics of its business plan/operation or any of the risks involved in investing in Diclops.

6. Diclops took out print advertising concerning investing in securities issued by Diclops in the newspaper publications the Big Nickle and the Treasure Hunt. These advertisements are attached to the Staff’s Request as “Exhibit 4”. All of said advertisements mention an investment opportunity offering a 2,500% gain in 1-2 years. The advertisements also list the website [www.diclops.com](http://www.diclops.com). In these print advertisements, Diclops fails or omits to discuss any specifics of its business plan/operation or any of the risks involved in investing in Diclops.

7. As detailed in paragraphs two and six Diclops stated that the investor could expect returns on investment or gains in the unreasonable high amount of up to 2,500% in 1 to 2 years. Also, accredited investors are promised a rate of return or gain of 10,000%. In addition, Diclops provides no detailed information or justification for these excessively high rates of return or gains on the website or the print advertisements. By omitting this essential or material information, an investor cannot properly and accurately assess the validity of the excessively high rates of return or gains listed by Diclops. These excessively high rates of return or gain are especially troubling in view of the lack of adequate risk disclosure by Diclops.

8. Diclops did not register or obtain any exemption from registration from the Department or the United States Securities and Exchange Commission for any of the securities it offered for sale to residents of the State of Arkansas.

9. Diclops did not file any paperwork necessary for any of the securities it offered for sale to be recognized as covered securities under any federal securities statute or the Act.

### **CONCLUSIONS OF LAW**

10. The promissory notes offered for sale by Diclops to the public are securities as defined by Ark. Code Ann. § 23-42-102(17)(A)(i).

11. Diclops did not properly register any securities, file for any exemption, or make any notice filing concerning any covered security with the Department regarding the securities offered to sell the public.

12. The offer for sale of unregistered and non-exempt securities by Diclops constitutes a violation of Ark. Code Ann. § 23-42-501 by Diclops.

13. Diclops violated Ark. Code Ann. § 23-42-507(2) when it and he omitted material facts or information, and made misstatements or misleading statements concerning material facts or information to as detailed in paragraphs number 2 through 7.

14. The failure of Diclops to make full and complete disclosure of all the risks involved in the securities offered and sold by Diclops to potential investors, as detailed in paragraphs number 4 and 6, were omissions of material facts or information. In light of the omissions of these material facts or information, the statements that Diclops did make on its website about the securities were made in violation of Ark. Code Ann. § 23-42-507(2).

15. Pursuant to Ark. Code Ann. § 23-42-209, whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule or order under the Act, the Commissioner may summarily order the person to cease and desist from the act or practice. The conduct, acts, and practices of Diclops threaten

immediate and irreparable public harm. Based on the Findings of Fact and Conclusions of Law, this Cease and Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-42-209.

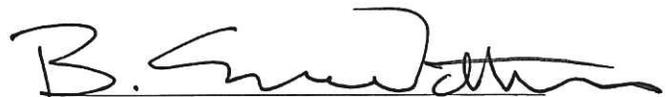
**ORDER**

IT IS THEREFORE ORDERED that Diclops immediately CEASE AND DESIST from offering and/or selling securities in Arkansas until they are properly registered or exempted under the Arkansas Securities Act with the Department. Diclops is also order to cease and desist from offering or selling securities through the use of misstatements or omissions of material facts or information.

A hearing on this Order shall be held if requested by Diclops in writing within thirty (30) days of the date of the entry of this Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner  
201 East Markham, Suite 300  
Little Rock, Arkansas 72201

If no hearing is requested and none is ordered by the Commissioner, this Order will remain in effect until it is modified or vacated by the Commissioner. *See* Ark. Code Ann. § 23-42-209(a)(2).



B. Edmond Waters  
Arkansas Securities Commissioner

3-26-2019  
Date