

BEFORE THE ARKANSAS SECURITIES COMMISSIONER  
CASE NO. S-20-0033  
ORDER NO. S-20-0033-20-OR01

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ARKANSAS SECURITIES DEPT

IN THE MATTER OF

MARK BAXTER  
Aka, MARK MORROW

RESPONDENT

CEASE AND DESIST ORDER

On June 17, 2020, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for Cease and Desist Order (“Request”). In its Request, the Staff states that it has certain information and evidence indicating that Mark Baxter, aka Mark Morrow has violated provisions of the Arkansas Securities Act (“Act”) codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner has reviewed the Request and based upon the representations made therein finds that:

FINDINGS OF FACT

1. Mark Baxter, aka Mark Morrow, (“Baxter”) at all times relevant, acted as an issuer and an investment adviser. Baxter utilized digital advertisements to solicit sales of CORONAVIRUS STOCKS from the email address of MARKBAXTER46@GMAIL.COM and a process service location of 790 Haunted Lane, Bensalem, PA.
2. The Staff discovered several online advertisements posted by Baxter to the social media platform Craigslist. The advertisement on March 11, 2020 and modified April 11, 2020 [attached to the Request as Exhibit A] claimed that prospective clients could exploit the current coronavirus disease (“Covid-19”) crisis for a weekly profit of \$6,000.00 by trading penny stocks. Baxter claimed:

“PANIC= \$\$\$\$\$” and “STOP LISTENING TO THE BS THE MEDIA [is] FEEDING U AND MAKE SOME CASH... PANIC=\$\$\$\$\$\$\$\$\$\$.”

Baxter posted similar advertisements across at least 49 states and two countries.

3. Baxter claimed that he located:

“TONS OF DIRT CHEAP STOCKS AND [is] READY TO BRING SOME GOOD PEOPLE ON BOARD.”

Baxter further purported an ability to make profits for potential clients by trading stocks for them. In the advertisement, Baxter claimed:

“I LL TRADE YOUR ACCOUNT FOR YOU AND WE SPILT THE PROFITS, OR I LL TEACH YOU WHAT I KNOW THRU MY TRAINING FOR 200\$ OR BOTH.”

4. Baxter used the advertisements to induce potential clients to invest in this scheme claiming:

“ONLY PEOPLE THAT ARE EFFECTED BY [the stock] MARKET BEING DOWN IS LONG TERM INVESTORS.”

In another attempt to encourage investors to trade penny stocks, Baxter claimed:

“AMAZING GAINS AMAZING VOLUME, I LL SHOW Â YOU HOW TO OPEN YOUR OWN TD ACCOUNT AND I LL TRADE IT FOR YOU AND WE SPLIT THE PROFITS.”

5. The Staff obtained information that the Craigslist postings by Baxter were by the account holder, Mark Morrow, located at 790 Haunted Lane, Bensalem, Pennsylvania.

6. A review of the registration files by the Staff revealed no registration for Baxter in any capacity and no registration or exemption filings for securities offered by Baxter during the period of the online advertisement through June 16, 2020.

#### APPLICABLE LAW

7. Ark. Code Ann. §23-42-102(17)(A)(xi) defines “security” to include investment contracts.

8. Ark. Code Ann. § 23-42-102(10) defines “Issuer” as any person who issues any security.

9. Ark. Code Ann. §23-42-102(9) defines “Investment Adviser” as any person that, for compensation, engages in the business of advising others as to the advisability of investing in, purchasing, or selling securities.

10. Ark. Code Ann § 23-42-501 states it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under this chapter; (2) the security or transaction is exempted under Ark. Code Ann. §23-42-503 or Ark. Code Ann. § 23-42-504; or (3) it is a covered security.

11. Ark. Code Ann. § 23-42-301 provides that it is unlawful for any person to transact business as an investment adviser without first being registered as such pursuant to the Act.

12. Ark Code Ann. § 23-42-507(2) makes it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made in light, of the circumstances under which they are made, not misleading.

13. Ark. Code Ann. §23-42-507(3) states that it is unlawful for any person, in connection with the sale of any security, directly or indirectly, to engage in any practice, or course of business which operates or would operate as a fraud or deceit upon any person.

14. Ark. Code Ann. § 23-42-209 (a) states that 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.

## CONCLUSIONS OF LAW

15. The investment contract that was offered and made available by Baxter to Arkansas citizens, in which investors invest monetary value in the purchase of penny stocks, from which profits would be derived from the efforts of Baxter, is a security under Ark. Code Ann. §23-42-102(17)(A)(xi).

16. Baxter did not properly register any security, file for any exemption, or make any notice filing concerning any covered security with the Arkansas Securities Department regarding the securities offered in Arkansas. This violates Ark. Code Ann § 23-54-501.

17. By offering to manage and trade accounts for compensation on behalf of investors Baxter acted as an unregistered investment adviser in violation of Ark. Code Ann. § 23-42-301.

18. Baxter violated Ark. Code Ann. §23-42-507(2) by making false and misleading statements including that he could sustain investment returns in excess of \$6000.00 and by omitting to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading. Baxter did not state to investors that he is not registered with the Arkansas Securities Department to provide investment advice within the state of Arkansas.

19. Baxter violated Ark. Code Ann §23-42-507(3) when he falsely represented that he could sustain investment returns in excess of \$6000.00 per week because of panic induced in the market due to COVID-19. Baxter made these false representations to induce investors to enter the investment contract agreement.

20. The conduct, acts, and practices of Baxter threaten immediate and irreparable public harm. A cease and desist order is in the public interest and is appropriate pursuant to Ark. Code Ann. §23-42-209(a).

ORDER

21. Respondent Baxter shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-501 and refrain from soliciting, offering, and/or selling securities in the state of Arkansas unless the securities are properly registered pursuant to the Act, exempt from registration, or are covered securities.

22. Respondent Baxter shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301 and refrain from offering to manage and trade account for compensation on behalf of investors.

23. Respondent Baxter shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-507(2) and refrain from committing fraud or deceit in connection with the offer or sale of any securities in Arkansas.

24. Respondent Baxter shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-507(3) and refrain from committing fraud or deceit in connection with the offer or sale of any securities in Arkansas.

25. A hearing on this Cease and Desist Order Shall be held if requested by the Respondent in writing within thirty days of the entry of this Order or if otherwise ordered by the Commissioner. Ark Code Ann. § 23-42-209(a)(2)(A). Such request should be addressed to the Commissioner and submitted to the following address: Arkansas Securities Commissioner, 1 Commerce Way, Suite #402, Little Rock, AR 72202.

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

Dated this 17<sup>th</sup> day of June, 2020.

A handwritten signature in black ink, appearing to read "Eric Munson", written over a horizontal line.

Eric Munson  
ARKANSAS SECURITIES COMMISONER