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BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-13-0092
ORDER NO. S-13-0092-14-OR01

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

**CURA CONSULT & ASSOCIATED COMPANIES
AND MICHAEL G. SHOOK**

RESPONDENTS

CEASE AND DESIST ORDER

On April 8, 2014, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for Cease and Desist Order (“Request”), and, on April 11, 2014, the Staff filed an Amended Request for Cease and Desist Order (“Amended Request”). In its Amended Request, the Staff states that it has certain information and evidence indicating that Cura Consult & Associated Companies and Michael G. Shook (collectively “the Respondents”) have 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 Amended Request and based upon the representations made therein finds that:

FINDINGS OF FACT

The Amended Request contains the following representations of fact:

1. Cura Consult and Associated Companies (“CCAC”) is a Bahamian business entity with a principal address of 15 Lillian Court, Lucaya, P.O. Box F-42021, Freeport, Grand Bahama Islands. CCAC has never been registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act.

2. Michael G. Shook (“Shook”) is a former resident of Rogers, Arkansas. Shook serves as the managing member of CCAC. Shook has never been registered with the Department in any capacity pursuant to the Act.

3. Despite never having been registered with the Department in any capacity, Shook holds himself out to be an investment adviser representative capable of making investments and managing the assets of third parties. In the past, Shook has operated businesses purporting to have investment adviser capabilities, bearing such names as Shook Investments, LLC and Titanium Management Company.

4. Shook was introduced to Arkansas Resident One (“AR1”) through a family member. Shook represented to AR1 that he was a registered investment adviser representative and money manager with the ability to provide extraordinary rates of return for his investors. Shook particularly emphasized his vast investment experience and recounted his previous successes trading foreign currencies and commodities. Shook claimed to have privileged access to an asset investment fund through CCAC that included a diverse number of securities and strategies.

5. Based on the foregoing representations, AR1 provided Shook with an investment of \$21,000.00. On December 29, 2009, AR1 entered into a written investment adviser agreement with CCAC, which reflected AR1’s principal investment through Shook. The agreement set out the terms of the investment services to be rendered by including an Asset Assignment Agreement, a Master Asset Management Agreement, and an Investment Policy. A copy of the investment adviser agreement entered into between AR1 and CCAC is attached as Exhibit “A” to the Amended Request. The agreement contained the following statements and affirmations:

(a) “The Asset Manager (CCAC) is placing a Guarantee towards the Client (AR1) that such investment will produce such income as to net the Client at least 15% per year Minimum.”

(b) “Manager represents and/or acknowledges that Manager is registered or exempt from registration as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940.”

(c) “Monies or assets (i) in accounts over which Manager is granted trading authority, and/or (ii) deposited in a Trust account of Manager (are to be) used in capital protected structures or fully covered transactions with investment grade counter parties including, but limited to the following: marketable equity and debt securities of issuers investment grade rated by S&P or Moody’s; U.S. government obligations; credit obligations of obligatory investment grade rated by S&P or Moody’s; arbitrage, block trades, long-shorts, and stock loans; hedged derivative transactions, including futures; commodities or currencies; investments in investment companies or investment funds which engages in trades of securities, derivatives, and commodities that meet the terms, conditions, and limitations set forth herein; and any other investment deemed reasonably by the Manager.”

6. Despite numerous requests to Shook, AR1 has not received any return on the investment and has not received a return of the original principal. The Staff’s examination of relevant bank records revealed that Shook did not invest AR’s money as represented but, rather, converted the funds for uses not discussed with the client. Specifically, Shook sent \$18,000.00 to a law firm in Florida for purposes other than investment and failed to invest the remainder of AR1’s funds. However, despite failing to invest the money as promised, Shook sent AR1 a falsified account statement dated March 1, 2010, showing that AR1’s funds had been placed in

an investment fund on February 1, 2010, and had accrued trading profits during the first month of investment. A copy of the falsified statement that Shook sent to AR1 is attached as Exhibit "B" to the Amended Request.

7. Despite the aforementioned representations to the contrary, the Staff's search of Department records revealed no investment adviser registration or notice filing for CCAC and no investment adviser representative registration for Shook in accordance with the Act.

CONCLUSIONS OF LAW

8. Ark. Code Ann. § 23-42-301(c) prohibits any person from transacting business in Arkansas as an investment adviser or representative without first being registered as such pursuant to the Act.

9. 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 the light of the circumstances under which they are made, not misleading.

10. CCAC violated Ark. Code Ann § 23-42-301(c) when it entered into an investment adviser agreement with AR1 without first being properly registered under the Act to do so.

11. Shook violated Ark. Code Ann § 23-42-301(c) when he engaged a client and accepted funds to be invested without first being properly registered under the Act to do so.

12. The Respondents committed securities fraud in violation of Ark. Code Ann. § 23-42-507(2) by representing to AR1 that CCAC was a registered investment adviser and that Shook was a registered investment adviser representative. The Respondents further violated Ark. Code Ann. § 23-42-507(2) by representing that AR1's money would be invested in a

securities investment fund available through CCAC which provided a minimum return of 15% per year, when, in fact, Shook converted the funds for purposes other than investment.

ORDER

13. Respondent CCAC shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301(c), and refrain from transacting business as an investment adviser until properly registered as such pursuant to the Act.

14. Respondent Shook shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301(c), and refrain from transacting business as an investment adviser representative until properly registered as such pursuant to the Act.

15. The Respondents 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.

16. A hearing on this Cease and Desist Order shall be held if requested by either of the Respondents in writing within thirty days of the date 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
201 East Markham, Suite 300
Little Rock, Arkansas 72201

17. 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 15th day of April, 2014.

A handwritten signature in cursive script, appearing to read "A. Heath Abshure", written over a horizontal line.

A. Heath Abshure
Arkansas Securities Commissioner