

FINDINGS OF FACT

Selling of Securities Without Filing Proof of Exemption or Paying Filing Fee

1. In violation of Ark. Code Ann. §23-42-501 between 1978 and 2008 the Southwestern Union sold securities in or shares of the Southwestern Union Revolving Fund (“SWURF”) to residents of the State of Arkansas.

2. On or about September 22, 2008, the Department received a proof of exemption filing concerning SWURF from the Southwestern Union. In this proof of exemption filing the Southwestern Union self reported its violation of Ark. Code Ann. §23-42-501 as stated in paragraph number one. Further, as part of said proof of exemption filing the Southwestern Union included documents concerning its proposed rescission offer that shall be made by the Southwestern Union to all residents of the State of Arkansas who invested in SWURF during the time period specified in Ark. Code Ann. §23-42-106(f).

3. That between 1978 and 2008 the Southwestern Union had an Arkansas exemption available to cover the sale of securities or shares in SWURF to residents of the State of Arkansas. However, during said time period the Southwestern Union failed to make any proof of exemption filings or pay any filing fees as required by Ark. Code Ann. §23-42-503(d).

4. On or about September 22, 2008, the Southwestern Union made a proof of exemption filing and paid a filing fee to the Department concerning prospective sales of securities or shares in SWURF to residents of the State of Arkansas.

APPLICABLE LAW

5. 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.

6. Ark. Code Ann. §23-42-503(d) provides that, (1) Before any security may be issued as an exempted security under subdivision (a)(7) of this section, a proof of exemption must first be filed with the commissioner

(4) Each offering shall be effective only for twelve (12) consecutive months.

(5) For every proof of exemption filed with the commissioner, there shall be paid to the commissioner a filing fee equal to one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state. The fee shall in no case be less than one hundred dollars (\$100) nor more than five hundred dollars (\$500).....

CONCLUSIONS OF LAW

7. The securities were sold in the State of Arkansas by representatives of the Southwestern Union as detailed in paragraphs ¶¶ 1-3 in violation of Ark. Code Ann. §23-42-501.

UNDERTAKING

In settlement of this matter, but without admitting or denying the findings of fact made above, the Southwestern Union agrees to pay a fine in the amount of \$5,000.00. In addition, the Southwestern Union will make a rescission offer to all residents of the State of Arkansas who invested in SWURF during the time period specified in Ark. Code Ann. §23-42-106(f).

OPINION

This order is in the public interest. The facts as set out in ¶¶ 1-3 support the violations of the Act as set out in ¶ 7.

ORDER

IT IS THEREFORE ORDERED that the Southwestern Union pay a fine in the amount of \$5,000.00. In addition, the Southwestern Union will make a rescission offer to all residents of the State of Arkansas who invested in SWURF during the time period specified in Ark. Code Ann. §23-42-106(f).

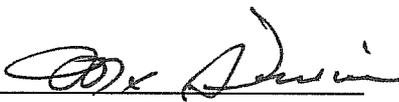
WITNESS MY HAND AND SEAL on this 17th day of December, 2008.



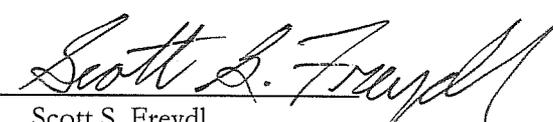
A. Heath Abshure
ARKANSAS SECURITIES COMMISSIONER

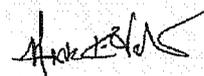
APPROVED AS TO FORM
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Southwestern Union Conference
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