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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

Case No. S-18-0099

ARKANSAS SECURITIES DEPT.

IN THE MATTER OF
FAYNE TRUCKING, LLC and
MAURICE FAYNE

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department (Staff) has received information and has in its possession certain evidence which indicates that Fayne Trucking, LLC and Maurice Fayne have violated provisions of the Arkansas Securities Act (Act), codified at Ark. Code Ann. §§ 23-42-101 - 509.

ADMINISTRATIVE AUTHORITY

1. This matter is brought in connection with violations of the Act, and is therefore properly before the Arkansas Securities Commissioner (Commissioner) in accordance with Ark. Code Ann. § 23-42-209.

RESPONDENTS

2. Fayne Trucking, LLC, is an Arkansas limited liability company formed on March 12, 2013. At the time of the events set out herein its primary office was located in Little Rock, Arkansas.
3. Maurice Fayne was a resident of Arkansas and the organizer, sole owner and manager of Fayne Trucking at the time of the events set out herein.
4. The addresses of both respondents were at one or all of the following addresses at the time of the events set out herein:

9711 Herndon Road
Little Rock, AR 72204

6800 Dahlia Drive
Little Rock, AR 72209

11424 Gatesville Drive
Frisco, TX 75035

FACTS SUPPORTING CEASE AND DESIST ORDER

5. AR1 is a resident of central Arkansas involved in the trucking industry.
6. In August 2013 AR1 entered into an agreement to sell Fayne Trucking a truck for \$39,000, payable in 52 weekly payments of \$750 each. Fayne Trucking made only two payments.
7. AR1 worked with Fayne in an attempt to collect on the debt owed him. In negotiations to collect the debt owed AR1, Fayne represented to AR1 that Fayne Trucking was expanding and would soon be purchasing and operating another five or six trucks, which would increase Fayne Trucking's profitability.
8. Fayne also represented that he had the backing of a number of wealthy investors who were prepared to infuse the capital needed for Fayne Trucking to purchase the additional five or six trucks.
9. In reliance on Fayne's representations of better days to come with Fayne Trucking, AR1 began working with and investing in Fayne Trucking. These investments usually took the form of providing money to make payroll and to fund the normal repairs and upkeep necessary for a trucking business but also included a \$25,000 initial investment on August 16, 2013. All total, AR1 invested approximately \$83,055.06 in Fayne Trucking by the end of 2013.
10. Purportedly in recognition of AR1's investments in Fayne Trucking, Fayne agreed to make AR1 a half owner of Fayne Trucking, a limited liability company which at the time was wholly owned and operated by Fayne as its managing member.

11. It was not true that Fayne had procured the backing of a number of wealthy individuals to back this recently formed business.
12. Fayne and Fayne Trucking did nothing to effect the sale of half of Fayne Trucking to AR1.
13. The records of the Arkansas Securities Department (Department) show no registrations or proofs of exemption for any securities being offered by Fayne Trucking, and the website of the United States Securities and Exchange Commission show no filing of a registration or a Form D in furtherance of an exemption from state registration requirements pursuant to Regulation D, Rule 506, promulgated under the Securities Act of 1933, 15 U.S.C. § 77a *et seq.* See 17 CFR § 230.506.

VIOLATIONS OF LAW

OFFER OF SALE OF UNREGISTERED SECURITY ARK. CODE ANN. § 23-42-501

14. Fayne offered AR1 a 50% equity share in Fayne Trucking, which Fayne wholly owned and totally controlled. Fayne Trucking is a limited liability company, and equity in a limited liability company is represented by membership units. These units qualify as securities as investment contracts. In accordance with Ark. Code Ann. § 23-42-102(17)(A)(xi) and Arkansas case law, an investment contract is the investment of money into the risk capital of a common enterprise or venture with the expectation of benefit or profit with no effective control over the venture. Fayne was the managing member and totally controlled Fayne Trucking.
15. An offer to sell a security is defined as “every attempt or offer to dispose of, or solicitation of an offer to buy, a security . . . for value.” Ark. Code Ann. § 23-42-

102(15)(A)(ii). Fayne's offer of 50% of Fayne Trucking was in return for the value of AR1's monetary investments, which were in the form of paying for expenses of Fayne Trucking and in the form of a payments for investments. Whether in return for payment of expenses or for explicit investment, Fayne exchanged equity in Fayne Trucking for value.

16. Because no membership units of Fayne Trucking were registered with the Department as securities in accordance with the Act, the offer of one-half of the equity of Fayne Trucking was the offer or sale of an unregistered security and a violation of Ark. Code Ann. § 23-42-501.

SECURITIES FRAUD

Ark. Code Ann. § 23-42-507

17. Fayne made two false representations on which AR1 based his decision to invest in Fayne Trucking. First was the assertion that Fayne Trucking was expanding and would soon be purchasing another five or six trucks, thus improving its profitability. Second was the assertion that Fayne had secured the backing of several wealthy individuals who were infusing Fayne Trucking with the capital necessary for purchasing more trucks. Both of these assertions would lead to the conclusion that the business of Fayne Trucking was increasing and that profits would be increasing as well. Because both of these assertions were false, they were material misstatements of fact and two instances of securities fraud in violation of Ark. Code Ann. § 23-42-507(2).

WHEREFORE, the Staff respectfully requests that the Commissioner issue a cease and desist order against Fayne Trucking, LLC and Maurice Fayne as well as others whose identities are not yet known who are employed by or otherwise affiliated with Fayne Trucking or Fayne who receive actual notice of the order, finding that the respondents

1) offered or sold unregistered securities in violation of Ark. Code Ann. § 23-42-501, and

2) committed securities fraud in violation of Ark. Code Ann. § 23-42-507(2),

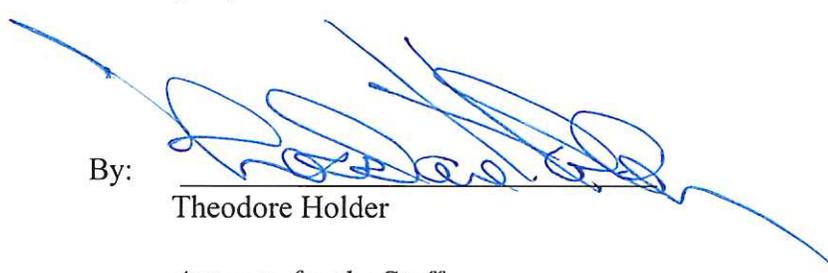
and ordering them to cease and desist from

1) any actions in the state of Arkansas in connection with the offer or sale of securities until such time as any securities to be offered or sold are registered or exempt from registration under the Act and

2) engaging in any actions constituting securities fraud.

Respectfully submitted,
Arkansas Securities Department
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(501) 324-9260

By:


Theodore Holder

Attorney for the Staff
ARKANSAS SECURITIES DEPARTMENT