

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-17-0116**

RECEIVED

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

**OSIRISO ISLAM and
DESIACS SANDWICHES**

RESPONDENTS

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department (“Staff”) has received and has in its possession certain evidence indicating that Osiriso Islam (“Islam”) and Desiacs Sandwiches (“Desiacs”) have violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. §§ 23-42-101 through 23-42-509.

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. Islam is a resident of Little Rock, Arkansas and is not registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act. On March 3, 2009, Islam entered a guilty plea in the Circuit Court of Pulaski County, Arkansas in case no. CR 2008-2337 to the charge of theft of property and was sentenced to ten years of probation and ordered to pay restitution in the amount of \$60,000.00 to the victim at a rate of \$500.00 per month. On May 18, 2017, an Amended Petition for Revocation was filed by the Pulaski County Prosecutor against Islam for failing to report, failing to pay court costs, failing to pay supervisory fees, failing to pay

restitution and failing to provide his supervising officer with current contact information. There is currently an outstanding bench warrant for Islam in relation to case no. CR-2008-2337.

3. Desiacs is the business trade name for an unincorporated entity through which Islam owns and operates a food truck typically located in Little Rock, Arkansas. According to the Arkansas State Board of Health, Desiacs is a retail food establishment located at 5108 Primrose Lane, Little Rock, AR 72209. Desiacs is neither registered with the Arkansas Secretary of State nor is it registered with the Department in any capacity pursuant to the Act.

FACTS SUPPORTING REQUEST FOR CEASE AND DESIST ORDER

4. On August 8, 2017, the Department received a complaint from an Arkansas resident (“AR1”) against Islam and Desiacs. AR1 provided the Department with evidence that AR1 entered into an investment contract with Islam regarding an investment in Desiacs. A copy of the investment contract is attached hereto as Exhibit “A.” Per the terms of the investment contract, AR1 was to invest \$1,000.00 in Desiacs for a 100% return over the course of two months. The investment contract was executed by Islam and AR1 on November 17, 2015. Per the investment contract, Islam was to pay AR1 \$2,000.00 on or before January 17, 2016. As of the date of filing this Request no payments have been made to AR1 in relation to the investment contract.

5. In addition to the complaint received from AR1, the Department received a complaint against Islam and Desiacs from an individual residing in Atlanta; Georgia (“GA1”). GA1 provided the Department with an investment contract that GA1 entered into with Islam regarding an investment in Desiacs. A copy of the investment contract is attached hereto as Exhibit “B.” Per the investment contract, GA1 invested \$5,000.00 in Desiacs and was to receive 30% of the net income generated by Desiacs. Despite multiple attempts to collect on the monies owed, GA1 has yet to receive payment as outlined in the investment contract.

6. Islam and Desiacs made repeated omissions of material information about the securities offered and sold to AR1 and GA1. Specifically, Islam and Desiacs failed to provide access to information concerning the business; disclose material information to investors regarding the risks associated with investing; as well as the operating costs of the business. Prior to making a decision to invest, any reasonable investor would want to have detailed and accurate information regarding the business, the risks associated with investing, and the operating expenses.

7. In addition to failing to disclose needed information and risks about the investment, Islam and Desiacs also failed to disclose Islam's criminal history to AR1 and GA1. Any reasonable investor would want to know about the relevant criminal history of any individuals associated with the company prior to investing.

8. On November 13, 2017, Islam was served Subpoena No. S-17-0116-SU01 issued by the Department. A copy of Subpoena No. S-17-0116-SU01 is attached hereto as Exhibit "C." A copy of the affidavit of service of Subpoena No. S-17-0116-SU01 is attached hereto as Exhibit "D." Per the subpoena, Islam was scheduled to appear and testify before the Department in relation to the complaints that had been filed against him and Desiacs, as well as produce documents in relation to Desiacs and the above referenced investments. However, Islam failed to appear for the deposition and also failed to produce the requested documents.

9. Islam and Desiacs 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 offered and sold to AR1 and GA1.

10. Islam and Desiacs did not file any paperwork necessary for any of the securities it or he offered and sold to AR1 and GA1 to be recognized as covered securities under any federal securities statute or the Act.

APPLICABLE LAW

11. Ark. Code Ann. § 23-42-102(17)(A)(xi) defines an investment contract as a security.

12. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security in this state unless it is registered, exempt or a covered security.

13. 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.

CONCLUSIONS OF LAW

14. The subject investment contracts issued and sold by Islam to investors constitute securities pursuant to Ark. Code Ann. § 23-42-102(17)(A)(xi). The securities were advertised, offered, and negotiated on the premise that AR1 and GA1 would receive economic benefits in the form of returns on their capital investment. The investors contributed to the risk capital of Islam and Desiacs. The money invested was always subject to the risk that Islam and Desiacs would not fulfill promises and the investors would not receive the returns advertised. AR1 and GA1 had no control over the “business strategy” employed by Islam and Desiacs which was necessary to generate the returns on investments. The securities were advertised, marketed, and sold as the types of investments that the Act is intended to govern. Therefore, the subject investment contracts are securities under Ark. Code Ann. § 23-42-102(17)(A)(xi).

15. Islam and Desiacs did not properly register any securities, file for any exemption, or make any notice filing concerning any covered securities with the Department regarding the securities offered and sold to AR1 and GA1. The offer and sale of unregistered and non-exempt

securities to AR1 and GA1 constituted violations of Ark. Code Ann. § 23-42-501 by Islam and Desiacs.

16. Islam and Desiacs committed securities fraud in violation of Ark. Code Ann. § 23-42-507(2) by failing to disclose to AR1 and GA1 prior to the time of their investments that Islam had previously pleaded guilty to the crime of theft of property in the Circuit Court of Pulaski County, Arkansas and had been sentenced to serve ten years probation and to make restitution payments totaling \$60,000.00. Islam and Desiacs thus omitted to provide material information that would have been viewed by a reasonable investor as significant in deciding whether to invest, and omitted to state a material fact necessary to make statements made, in light of the circumstances under which they were made, not misleading.

17. Further, Islam and Desiacs committed securities fraud in violation of Ark. Code Ann. § 23-42-507(2) by failing to disclose to AR1 and GA1 material information regarding the business, risks associated with investing, as well as the operating costs of the business. Islam and Desiacs thus omitted to provide material information that would have been viewed by a reasonable investor as significant in deciding whether to invest, and omitted to state a material fact necessary to make statements made, in light of the circumstances under which they were made, not misleading.

LEGAL AUTHORITY TO ISSUE CEASE AND DESIST ORDER

18. Ark. Code Ann. § 23-42-209(a)(1)(A) provides 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.

PRAYER FOR RELIEF

WHEREFORE, the Staff respectfully requests that the Commissioner summarily order Islam and Desiacs to immediately cease and desist from offering and/or selling securities until such time as the securities in question and the entities and persons offering and selling the securities are all properly registered pursuant to the Act; and that Islam and Desiacs cease and desist from committing fraud or deceit in connection with the offer or sale of any securities; and, for all other relief to which the Staff may be entitled.

Respectfully Submitted,



Robert M. Cossio (2014136)
Arkansas Securities Department
Heritage West Building, Suite 300
201 East Heritage Street
Little Rock, Arkansas 72201

Investment Contract

Entrepreneur: Osiriso Islam Title: Owner
Company: Desiacs Sandwiches Phone No. [REDACTED]
Email: [REDACTED] Fax: N/A
Address: N/A
Investor: [REDACTED] Title: N/A
Company: N/A Phone No. [REDACTED]
Email: [REDACTED] Fax: N/A
Address: [REDACTED]

This document serves as a binding contract between {Osiriso Islam}, hereafter known as "Entrepreneur," and [REDACTED], hereafter known as "Investor," signed {November 17, 2015}. Whereas the Entrepreneur is seeking an investment and the Investor is willing to fund the venture, therefore both parties agree to the following conditions:

Article 1

The Investor will contribute \${ 1000 } on a { 1 Time } basis for a return of { \$2000 given over the course of a 2 month period }. The Entrepreneur will be required to present approved updates to the Investor on the status of the venture upon the receipt of the investor's ROI { Return of Investment }. The updates, benchmarks or deliverables shall be presented thus:

Article 2

The money provided by the Investor will be used for the following aspects within the venture and nothing further: {The Development, Production and Distribution of Desiacs}. Any additional aspects must be approved by the Investor before the funding can be allocated.

Article 3

For {his/her} investment, the Investor will be in control of the following aspects within the venture: {No aspects are under the control of the investor}. The funds of the investment per contract have been received and the ROI amount will be made in Check form.

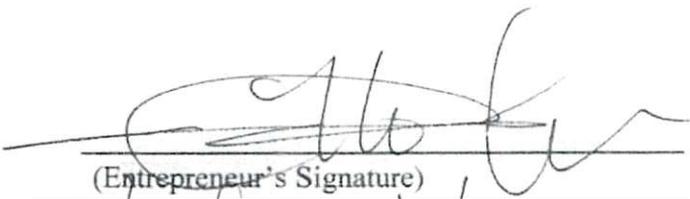
Article 4

This contract is valid and legally binding from {November 17th, 2015} to {January 17th, 2016}, or until the Investor receives the agreed upon ROI amount of {No more than the agreed upon total based on the original investment}. The Entrepreneur shall make payments to the Investor on a monthly basis until the termination date or until the full amount of ROI has been given to the Investor.

This contract shall be enforced according to the laws of {Arkansas}, regardless of the location of the Investor or the venture itself.

November 17, 2015





(Entrepreneur's Signature)

(Date)

Nov 17, 2015



(Investor's Signature)

(Date)

Investment Contract

Entrepreneur: Osiriso Islam Title: Owner
Company: Desiacs Sandwiches Phone No. [REDACTED]
Email: [REDACTED] Fax: N/A
Address: [REDACTED]
Investor: _____ Title: N/A
Company: _____ Phone No. [REDACTED]
Email: _____ Fax: N/A
Address: [REDACTED]

This document serves as a binding contract between **{Osiriso Islam}**, hereafter known as "Entrepreneur," and **[REDACTED]**, hereafter known as "Investor," signed **{August 8, 2016}**. Whereas the Entrepreneur is seeking an investment and the Investor is willing to fund the venture, therefore both parties agree to the following conditions:

- The Investor is not to receive any contractual benefit until the original investment is paid in entirety
- The Entrepreneur is to provide the investor with up to date sales reports weekly
- Both parties understand the articles presented in said contract
- The controlling interest as well as responsibilities of the Company are in sole control of the Entrepreneur, although 30% of sales NET INCOME is being transferred to the Investor

Article 1

The Investor will contribute \${ 5000 } on a payment plan basis, for a max return for this investment is 30% of daily earnings with a guarantee of the original investment. The Entrepreneur will be required to present approved updates to the Investor on the status of the venture upon the receipt of the investor's ROI **{Return of Investment}**. The updates, benchmarks or deliverables shall be presented thus:

- Via Weekly Sales Report
- Monthly Sales Report
- Yearly Tax Return

The updates provided are to ensure that the investor/shareholder has accurate information of the status of the earnings. The Investor will receive payment of total earnings weekly via PayPal or Cashier's Check along with a standard Invoice and Receipt signed by both parties and Notarized.

Article 2

The money provided by the Investor will be used for the following aspects within the venture and nothing further: **{The Development of Desiacs Food Truck}**. Any additional aspects must be approved by the Investor before the funding can be allocated.

Article 3

For **{his/her}** investment, the Investor will be in control of the following aspects within the venture: **{No aspects are under the control of the investor}**. The funds of the investment per contract have been received and the ROI amount will be made in Check form.



Article 4

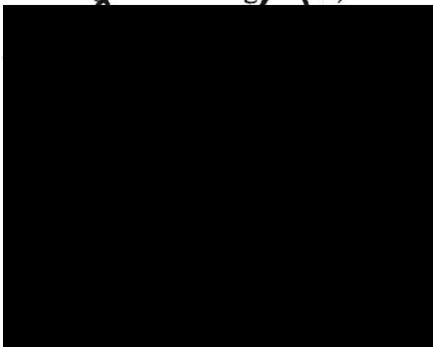
This contract is valid and legally binding from the Date the last payment of the initial payment is made to as long as Desiacs Sandwiches Food Truck is in business or until the Investor receives the agreed upon ROI amount of **{The original investment as well as no more than the agreed upon percentage, based on the total number or product sold}** The Entrepreneur shall make payments to the Investor on a weekly basis until the termination date or until the full amount of product has been sold.

Article 5

This contract also serves as a transfer of ownership of said investment from the Entrepreneur to the new Investor not to exceed 30% of company valuation or Return of Investment.

This contract shall be enforced according to the laws of **{Arkansas}**, regardless of the location of the Investor or the venture itself.

(Entrepreneur's Signature)



August 8, 2016

(Date)

August 8, 2016

(Date)



SUBPOENA DUCES TECUM

SUBPOENA NO. S-17-0116-SU01

TO: Osiriso Islam
5108 Primrose Lane
Little Rock, AR 72209

IN THE MATTER OF: Desiacs Sandwiches & Osiriso Islam; Case No. S-17-0116

Pursuant to Ark. Code Ann. § 23-42-205, you are hereby directed to appear for testimony at the offices of the Arkansas Securities Department in the Heritage West Building, 201 East Markham Street, Third Floor, Little Rock, Arkansas 72201, and produce and deliver copies for inspection to the attorney listed below the following books, papers, documents, or other tangible things described at **10:00 a.m. on December 19, 2017**:

For the period of January 1, 2015, to present (unless otherwise noted), the following documents and information described as follows and further defined in the Definitions and Instructions attached hereto as Appendix "A" and incorporated herein for all purposes:

1. Identify any persons to whom you marketed, solicited, offered, provided, or sold services, regardless of whether the person accepted your offer of services or whether you received any compensation for the performance of said services.
2. Identify any persons included in your response to Item 1 of this subpoena to whom you actually provided or sold services, and provide the following additional information:
 - (a) the amount and type of services provided or sold;
 - (b) the consideration paid or promised by the person in exchange for the services;
 - (c) the method of payment (i.e. cash, check, property, service, notes, or other);
 - (d) the date of payment; and
 - (e) any disbursement of payments, including date paid, purpose, amount, and to whom paid;



3. Provide any documents relating to communications between you and any persons identified in your response to Item 1 of this subpoena;
4. Provide any documents related to any contracts or agreements negotiated, proposed, or entered into between you and any persons identified in your response to Item 1 of this subpoena;
5. Provide any documents relating to any sales, promotional, marketing, or informational materials used by you to market, solicit, offer, negotiate, provide or sell any services, including any investment plans, investment platforms, business plans, advertising materials, brochures, pamphlets, circulars, subscription forms, offeree and purchaser questionnaires, bailment agreements, contracts, certificates, or any other documents connected with your promotion or marketing of any services;
6. Provide a listing of any accounts held by you into which funds from persons you identified in your response to Item 1 of this subpoena have been deposited, or investment fees related to any said persons have been deposited, regardless of whether or not any such account is still open, and include the following particular information:
 - (a) the name in which the account is or was held;
 - (b) the name and contact information of the bank, financial institution, or other entity holding the account; and
 - (c) the account number;
7. Provide copies of any checks deposited into any account identified in your response to Item 6 of this subpoena if:
 - (a) the check is related to any explicit or implicit agreement between you and the payor for you to invest the funds on the payor's behalf;
 - (b) the check is related to the performance of any services by you on behalf of the payor;
 - (c) the check is related to any compensation, fees, or payment received by you in exchange for the performance of any services on the payor's behalf;
8. Provide your federal and state income tax returns for the years 2015 and 2016;
9. Provide any financial statements prepared for or related to you, whether audited or unaudited, including any balance sheets, profit and loss statements, income statements, cash flow statements, payment ledgers, forecasts, and/or projections;
10. Provide any accounting records and books of original entry prepared for or related to you, including cash receipts, journals, cash disbursement journals, accounts receivable journals, general ledgers, and subsidiary ledgers;

11. Provide any documents submitted by you with any state or federal regulatory agency for the purpose of compliance, reporting, or seeking any exemption of any type from registration requirements;
12. Provide any documents relating to any civil, criminal, or regulatory action taken against you, or any of your directors, officers, or agents, in the past ten years;
13. Identify all of your past and current officers and employees from date of inception to present, including for each person the title, job duties, and dates of association or employment;
14. Provide a detailed explanation of the business services offered by you, including an explanation of how any investment returns would be produced for any of your potential clients or customers;
15. Provide all documents related to your business entity management, including the company charter, incorporation papers filed with the Secretary of State, company minute books, company by-laws, partnership agreements, joint venture agreements, articles of incorporation, operating agreements, and minutes of the board of directors or equivalent body.

THIS SUBPOENA IS ISSUED PURSUANT TO ARKANSAS SECURITIES ACT, ARK. CODE ANN. § 23-42-205.

Location where documents are to be delivered: **ARKANSAS SECURITIES DEPARTMENT
201 E. Markham, Suite 300
Little Rock, Arkansas 72201**

Dated this 23rd day of October, 2017.



ROBERT COSSIO, Staff Attorney
Direct dial: (501) 683-0806
Email: robert@securities.arkansas.gov

DEFINITIONS AND INSTRUCTIONS

- (1) The term "*Account*" or "*Accounts*" as used in this subpoena shall mean and include deposit, checking, brokerage, investment, and mortgage accounts, notes, loans, safe deposit boxes, offshore accounts, foreign accounts, and other general intangibles.

- (2) The term "*Bank Statements*" as used in this subpoena shall mean and include all statements of the account(s) that may show the transaction history of the account for a given time period. To the extent there are other related documents that may reflect account activity that is not otherwise shown on the bank statements, this definition shall extend to include those other, related documents.

- (3) The term "*Communication*" or "*Communications*" as used in this subpoena shall mean any document or verbal statement whereby information of any nature was stated, written, recorded, or in any manner transmitted or transferred.

- (4) The term "*Document*" or "*Documents*" as used in this subpoena shall mean, by way of illustration and not by way of limitation, the following items, whether printed or electronic or recorded or reproduced by any other mechanical process, written, produced by hand or produced or stored in a computer, regardless of origin or location: books, records, communications, reports, correspondence, letters, telegrams, memoranda, summaries or records of telephone conversations, summaries or records of personal conversations or interviews, applications, booklets, brochures, catalogs, circulars, magazines, pamphlets, periodicals, bulletins, instructions, minutes, other communications (including, but not limited to, inter-office and intra-office communications), purchase orders, bills of lading, bid tabulations, questionnaires, surveys, contracts, agreements, assignments, licenses, books of account, orders, invoices, statements, bills, checks, vouchers, ledger sheets, accounts, journals, cancelled checks, bank statements, bank passbooks, confirmations, statement of accounts, analyses, diaries, graphs, notebooks, charts, tables, working papers, plans, indices, summaries or records of meeting or conferences, summaries or reports of investigations or negotiations, opinions or reports of accountants or consultants, data sheets, data processing, cards, photographs, photographic negatives, phonographic records, audio recordings, video recordings, discs, wire recordings, transcripts of recordings, drawings, motion picture film, advertisements, press releases, drafts, and marginal comments appearing on any such documents, all other written or printed matter of any kind, or any other and all other data compilations from which information can be obtained and translated

if necessary. Such documents shall also include the metadata related to the creation and modification of such documents, and shall include any and all existing drafts of all documents.

(5) The term "*Identify*" as used in this subpoena in reference to a natural person means to state the full name, telephone number, and last known address of that person. The term "*Identify*" as used in this subpoena in reference to any organization (whether a corporation, limited liability company, etc.) means to state the full name, address, and telephone number of the principal place of business. The term "*Identify*" as used in this subpoena in reference to a communication means to state the date of the communication, the participants to the communication, and the subject matter of the communication.

(6) The term "*Including*" or "*Includes*" as used in this subpoena shall mean "including, but not being limited to" or "includes, but is not limited to."

(7) The term "*Person*" or "*Persons*" as used in this subpoena shall mean any and all individuals and entities including, without limitation, all natural persons, sole proprietorships, organizations, associations, companies, holding companies, partnerships, joint ventures, limited partnerships, corporations and/or any other individuals or entities having a separate identification recognized in law or fact.

(8) The term "*Relating*" or "*Related*" as used in this subpoena shall mean referring to, having any relationship to, pertaining to, evidencing or constituting evidence of, in whole or in part, the subject matter of the request.

(9) The term "*Services*" as used in this subpoena shall mean any financial, consulting, investment advisory, brokerage, insurance, commodities trading, futures trading, or securities-related services marketed, offered, performed, negotiated, exchanged, or sold by you, and shall include the offer, negotiation, exchange, or sale of any products related to said services.

(10) The term "*You*" or "*Your*" as used in this subpoena shall refer to JEFFERY SMITH; FOUR CORNERS MANAGEMENT, LLC; and any agents, persons, or entities acting on their behalf.

(11) The conjunctions "*And*" and "*Or*" shall each be individually interpreted in every instance to mean "and/or" and shall not be interpreted disjunctively to exclude any information otherwise within the scope of any specification.

(12) The singular form of a word includes the plural form of that word and the plural form of a word includes the singular form.

AFFIDAVIT OF SERVICE

State of _____

County of _____

Case Number: S-17-0116-SU01 Court Date: 12/19/2017 10:00 am

For: Robert M. Cossio
Arkansas Securities Department

Received by MYERS ATTORNEY'S SERVICE to be served on Osiriso Islam, 5108 Primrose Lane, Little Rock, AR 72209. I, DR Johnson, being duly sworn, depose and say that on the 10th day of Nov, 2017 at 1:55 p.m., executed service by delivering a true copy of the SUBPOENA DUCES TECUM, APPENDIX A, in accordance with state statutes in the manner marked below:

- INDIVIDUAL SERVICE: Served the within-named person.
 - SUBSTITUTE SERVICE: I left the summons and complaint at the individual's dwelling house or usual place of abode at _____ [address] with _____ [name], a person at least 14 years of age who resides there, on _____ [date];
 - POSTED SERVICE: After attempting service on ___/___ at ___ and on ___/___ at ___ to a conspicuous place on the property described herein.
 - I left the documents in the proximity of the individual by _____ after he/she refused to receive it when I offered it to him/her.
 - OTHER SERVICE: As described in the Comments below by serving _____
- Service Completed at: ADDRESS ABOVE OTHER: _____
- NON SERVICE: For the reason detailed in the Comments below.

COMMENTS: _____

I certify that I have no interest in the above action, am of legal age and have proper authority in the jurisdiction in which this service was made.

DR Johnson

PROCESS SERVER # _____
Appointed in accordance with State Statutes

MYERS ATTORNEY'S SERVICE
323 Center Street
Suite 1425
Little Rock, AR 72201
(501) 376-6266

Our Job Serial Number: 2017010329

Subscribed and Sworn to before me
on 11-13-17 by the affiant who is
personally known to me.

[Signature]
NOTARY PUBLIC

