

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. S-16-0068

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:
JEFFERY SMITH AND
FOUR CORNERS MANAGEMENT, LLC**

RESPONDENTS

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department (“Staff”) has received information and has in its possession certain evidence indicating that Jeffery Smith and Four Corners Management, LLC 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. Four Corners Management, LLC (“Four Corners”) is an Arkansas corporation with its principal place of business located at 5111 Rogers Avenue, Suite 541, Fort Smith, AR 72093. Four Corners has never been registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act.
3. Jeffery Smith (“Smith”) is a resident of Fort Smith, Arkansas. He is not registered in any capacity pursuant to the Act. According to records on file with the Arkansas Secretary of State, Smith serves as the Incorporator/Organizer and Registered Agent of Four Corners.

FACTS SUPPORTING REQUEST FOR CEASE AND DESIST ORDER

4. Smith sold AR1, an Arkansas resident, an investment in AC1, an Arkansas company involved in solar energy. In November of 2015, AR1 gave Smith a check made payable to Four Corners to invest \$24,500 in AC1. AR1 also paid Smith \$837 for an “initial investment surety bond.” Smith represented to AR1 that his investment in AC1 would be used to establish AR1 in a “Provider” position in AC1. Smith also represented to AR1 that the investment would provide a 200% return by February 29, 2016.
5. Smith and Four Corners were not authorized by AC1 to offer or sell any investment or investment surety bond on behalf of or in connection with AC1. Smith is not and has never been a shareholder, owner, officer, employee, or contractor of AC1.
6. To date, AR1 has received no payments or returns on the investment he made with Smith and Four Corners.

APPLICABLE LAW

7. Ark. Code Ann. §23-42-301 makes it unlawful for any person to transact business in this state as a broker-dealer or agent unless he or she is registered in accordance with the Act.
8. Ark. Code Ann. §23-42-501, makes it unlawful for any person to offer or sell any security in this state unless that security is registered in accordance with the Act, is exempt from registration pursuant to the Act or is a covered security under federal law.
9. Ark. Code Ann. §23-42-507, makes it unlawful for any person in connection with the offer, sale or purchase of any security, directly or indirectly, : 1) to employ any device, scheme or artifice to defraud; 2) 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; or 3) to engage in any

act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

CONCLUSIONS OF LAW

10. The facts set out above demonstrate that Smith and Four Corners purported to represent AC1 in effecting or attempting to effect the purchase or sale of a security to AR1. Therefore, Smith acted as an unregistered agent in violation of Ark. Code Ann. §23-42-301.
11. The security offered and sold by Smith and Four Corners was not registered with the Department, exempt from registration with the Department, or a covered security under federal law. Therefore, Smith and Four Corners violated Ark. Code Ann. §23-42-501 when they offered and sold a security to AR1.
12. Smith and Four Corners committed securities fraud in violation of Ark. Code Ann. §23-42-507 by selling an investment to AR1 in a company that had not authorized Smith and Four Corners to sell their securities. Smith's omission to inform AR1 that Smith was not authorized to sell investments in AC1 was an additional violation of Ark. Code Ann. §23-42-507. Smith further violated Ark. Code Ann. §23-42-507 by representing to AR1 that his investment in AC1 would be used to establish AR1 in a "Provider" position in AC1, and that the investment would provide a 200% return by February 29, 2016.

LEGAL AUTHORITY TO ISSUE CEASE AND DESIST ORDER

13. 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 Jeffery Smith and Four Corners Management, LLC to immediately cease and desist from offering and/or selling securities to residents of the State of Arkansas until such time as the securities in question and the entities and persons offering and selling the securities are all properly registered under the Arkansas Securities Act; and that the Commissioner summarily order Jeffery Smith and Four Corners Management, LLC to immediately cease and desist from committing fraud or deceit in connection with the offer or sale of any securities to residents of the State of Arkansas; and, for all other relief to which the Staff may be entitled.

Respectfully Submitted,



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