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ARKANSAS SECURITIES DEPARTMENT

FOR IMMEDIATE RELEASE

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ARKANSAS SECURITIES COMMISSIONER ISSUES CEASE AND DESIST ORDER STOPPING FRAUDULENT ACTS AND SALE OF UNREGISTERED SECURITIES

Arkansas Securities Commissioner A. Heath Abshure today issued an Order to Cease and Desist against R. Kyle Stewart, a resident of Mountain Home, Arkansas, in connection with a fraudulent misappropriation of over \$600,000 from two elderly Baxter County residents. In connection with a Complaint brought by the Staff of the Arkansas Securities Department, Abshure also scheduled a hearing to determine whether Stewart's broker-dealer agent and investment adviser representative registrations should be permanently revoked.

According to the Order, the Staff alleged that Stewart, while employed by A. G. Edwards & Sons, Inc., improperly designated himself as a beneficiary of one of his client's charitable trusts and adjusted the monthly benefits payable, reducing the monthly income of the client, an 89-year-old widow, by fifty percent. Additionally, Stewart inappropriately borrowed over \$280,000 from the client. Stewart took advantage of another client, who was 102-years-old, by enticing her to invest over \$340,000 in CCK Corp., an entity in which Stewart served as president. Stewart fraudulently represented to the client that CCK was a "farming or cattle ranching" venture, when in reality CCK's only "asset" was a checking account used by Stewart to convert the client's funds to his personal use. The records of the Arkansas Securities Department showed no registration or exemption filing for the CCK Corp. investments to be sold in Arkansas.

The Order notes that A. G. Edwards conducted an internal investigation, which resulted in Stewart's employment termination and a monetary settlement paid to Stewart's victims.

Abshure found that Stewart committed securities fraud in violation of the Arkansas Securities Act in his dealings with both of these clients and violated a number of activities prohibited by sales practice rules promulgated by the Arkansas Securities Commissioner, including rules prohibiting borrowing customer funds and other fraudulent, dishonest and unethical practices.

"This Order to Cease and Desist is part of the Senior Fraud Initiative that Commissioner Abshure announced in January, 2007," stated Shannon Underwood, attorney for the Arkansas Securities Department. "Fraud against seniors is particularly egregious because it is perpetrated through abuse of trust. The filing of this action reflects the Department's resolve to protect seniors and other investors from securities fraud by those who would prey upon their vulnerabilities," continued Underwood.

This is a continuing investigation. Should anyone have any further information concerning this matter, they are encouraged to contact Department Attorney Shannon Underwood at (501) 324-9260 or (800) 981-4429.