

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO S-08-075

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IN THE MATTER OF:

ORDER NO. S-08-075-09-CD01

ARKANSAS SECURITIES DEPT.

ENSURAPET, INC., F/K/A VSURANCE, INC.,
W. RUSSELL SMITH, JOHN MATHIS LILE, III,
ROBERT MORGAN PILE, AND JAY W. DAVIDSON

CEASE AND DESIST ORDER

On June 9, 2009, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for a Cease and Desist Order (“Request”), stating that it has information and certain evidence indicating that Ensurapet, Inc., formerly known as Vsurance, Inc., W. Russell Smith, John Mathis Lile, III, Robert Morgan Pile, and Jay W. Davidson have violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

1. The Staff’s Request asserts the following representations of fact:
 - a. Ensurapet, Inc. (“Ensurapet”) formerly known as Vsurance, Inc. (“Vsurance”), is a Nevada corporation. Ensurapet is a pet insurance company located in Canton, Ohio. Ensurapet has never been registered with the Department.
 - b. W. Russell Smith (“Smith”) is the president and chief executive officer of Ensurapet.¹ Smith has never been registered with the Department.

¹ Smith was not listed as an officer or director in the Ensurapet Annual Report on Form 10-KSB filed with the U.S. Securities and Exchange Commission (“SEC”) on April 16, 2007. In the Preliminary Information Statement filed with the SEC on July 13, 2007,

- c. John Mathis Lile, III, (“Lile”) is the former president of Ensurapet. Lile has not been registered with the Department since December 31, 1995.
- d. Morgan Pile (“Pile”) has never been registered with the Department.
- e. Jay W. Davidson (“Davidson”) is a former agent and/or employee of Ensurapet. Davidson has not been registered with the Department since October 6, 2008.
- f. During all of the sales of securities which are the subject of the Staff’s Request Ensurapet was known as Vsurance. Sometime after all of these sales of securities were completed Vsurance changed its name to Ensurapet.²
- g. On or about August 14, 2006, Smith and Ensurapet sold AR1 a \$250,000 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. The promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.
- h. On or about October 3, 2006, Smith and Ensurapet sold AR2 a \$7,200 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR2 paid \$7,200 for the promissory note in the form of a check made payable to Vsurance. The

Ensurapet states that a majority of Ensurapet shareholders, acting through written consents, appointed Smith as chairman of the board and chief executive officer.

² According to the Preliminary Information Statement filed with the SEC on December 31, 2007, a majority of the shareholders of Vsurance acted through written consents to change the name of the company to Ensurapet, Inc.

promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.

- i. On or about October 3, 2006, Smith and Ensrapet sold AR3 a \$7,200 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR3 paid \$7,200 for the promissory note in the form of a check made payable to Vsurance. The promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.
- j. On or about October 10, 2006, Smith and Ensrapet sold AR4 a \$275,000 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR4 paid \$275,000 for the promissory note in the form of a check made payable to Vsurance. The promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.
- k. On or about October 13, 2006, Smith and Ensrapet sold AR5 a \$10,000 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR5 paid \$10,000 for the promissory note in the form of a check made payable to Vsurance. The promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.
- l. On or about October 13, 2006, Smith, Lile and Ensrapet sold AR6 a \$5,000 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR6 paid

\$5,000 for the promissory note in the form of a check made payable to Vsurance. The promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.

- m. On or about October 24, 2006, Smith and Ensrapet sold AR7 a \$100,000 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR7 paid \$100,000 for the promissory note in the form of a check made payable to Vsurance. The promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.
- n. On or about October 24, 2006, Smith and Ensrapet sold AR8 a \$20,000 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR8 paid \$20,000 for the promissory note in the form of a check made payable to Vsurance. The promissory note was signed by W. Russell Smith, III, individually and as a corporate advisor and authorized signer for Vsurance.
- o. On or about October 27, 2006, Smith, Lile, and Ensrapet sold AR9 \$3,000 worth of stock in Vsurance in Little Rock, Arkansas. AR9 paid \$3,000 for the shares of stock in Vsurance in the form of a check made payable to Vsurance.
- p. On or about October 27, 2006, Smith, Lile and Ensrapet sold AR10 \$1,000 worth of stock in Vsurance in Little Rock, Arkansas. AR10 paid

\$1,000 for the shares of stock in Vsurance in the form of a check made payable to Vsurance.

- q. On or about January 17, 2007, Smith and EnsuraPet sold AR11 a \$500,000 Convertible Security and Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR11 paid \$501,500 for the promissory note in the form of two checks. The promissory note was signed by W. Russell Smith, III, individually as well as a corporate advisor and authorized signer for Vsurance.
- r. On or about June 29, 2007, Pile, Davidson and EnsuraPet sold FR1 a \$25,000 Convertible Security and Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. FR1 paid \$25,000 for the promissory note in the form of a check made payable to Vsurance or Jay Davidson. FR1's check was subsequently endorsed for deposit by Davidson. In October 2007, FR1 received his first interest payment in the amount of \$312.50 under the promissory note. Davidson was not registered with the Department at the time of the sale of this security to FR1.
- s. On June 29, 2007, Pile, Davidson, and EnsuraPet sold FR1 50,000 "fully diluted" shares of Vsurance stock. This sale of Vsurance stock to FR1 was evidenced by a Lock-Up Agreement. FR1 paid \$50,000 for these shares of Vsurance stock in the form of a check made out to Vsurance or Jay Davidson. FR1's check was subsequently endorsed for deposit by

Davidson. Davidson was not registered with the Department at the time of this sale of Vsurance stock to FR1.

- t. Neither Ensurapet nor Vsurance has ever been registered with the Department in any capacity.
- u. Smith and Pile have never been registered with the Department in any capacity.
- v. Lile and Davidson are not currently registered with the Department in any capacity.

CONCLUSIONS OF LAW

2. All of the promissory notes sold by Ensurapet, Smith, Lile, Pile, and Davidson to AR1 through AR8, AR11, and FR1 constitute notes and evidence of indebtedness and are therefore securities. Ark. Code Ann. § 23-42-102(15)(A)(i) and (vi).

3. The shares of Ensurapet stock sold by Ensurapet, Smith, and Lile to AR9, AR10, and FR1, are stock and therefore securities. Ark. Code Ann. § 23-42-102(A)(ii).

4. The promissory notes and shares of stock sold by Ensurapet, Smith, Lile, Pile, and Davidson were not registered with the Department, were not exempt from the applicable registration requirements, and were not covered securities.

5. It is unlawful for any person to offer or sell any security unless it is registered with the Department, the security or transaction is exempt from applicable registration requirements, or the security is a covered security. Ark. Code Ann. § 23-42-501. Ensurapet, Smith, Lile, Pile and Davidson violated Ark. Code Ann. § 23-42-501 by offering and selling securities to AR1 through AR11 and FR1 in Arkansas without said

securities being registered with the Department, exempted by statute, or qualifying as covered securities.

6. An agent is any individual, other than a broker-dealer, who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities. Ark. Code Ann. § 23-42-102(1). In effecting and attempting to effect transactions in securities on behalf of Ensurapet, Smith was acting as an agent of the issuer, Ensurapet.

7. It is unlawful for any person to transact business in Arkansas as an agent unless he or she is registered with the Department. Ark. Code Ann. § 23-42-301. Smith was not registered with the Department as an agent of Ensurapet. Accordingly, Smith has violated Ark. Code Ann. § 23-42-301.

8. 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. Ark. Code Ann. § 23-42-209. Considering the seriousness of the violations, the recurrent nature of the violations, the opportunity to commit future violations, the degree of harm to investors and the marketplace resulting from the violations, the remedial function to be served by this Cease and Desist Order, and based on the Findings of Fact and Conclusions of Law, this Cease and Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-42-209.

ORDER

9. Ensurapet, Inc., formerly known as Vsurance, Inc., W. Russell Smith, John Mathis Lile, III, Morgan Pile, and Jay W. Davidson, shall immediately cease and

desist from offering and/or selling securities in Arkansas until such securities or securities transactions are registered with the Arkansas Securities Department, exempt from registration, or qualify as covered securities.

10. W. Russell Smith shall immediately cease and desist from acting as an agent for an issuer of securities until such time as he is registered as an agent of an issuer with the Arkansas Securities Department.

11. A hearing on this Cease and Desist Order shall be held if requested by Ensurapet, Inc., formerly known as Vsurance, Inc., W. Russell Smith, John Mathis Lile, III, Morgan Pile, and/or Jay W. Davidson in writing within thirty days of the date of the entry of this Order, or if otherwise ordered by the Arkansas Securities Commissioner. Such request should be addressed to the Arkansas Securities Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

If no hearing is requested and none is ordered by the Arkansas Securities Commissioner, this Cease and Desist Order will remain in effect until it is modified or vacated by the Arkansas Securities Commissioner. Ark. Code Ann. § 23-42-209(a)(2).



A. Heath Abshure
Arkansas Securities Commissioner

June 18, 2009
Date