

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO S-08-075

RECEIVED

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

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

RESPONDENTS

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department ("Staff") received information and has in its possession certain evidence that indicates Ensurapet, Inc. a/k/a Vsurance, Inc., W. Russell Smith, John Mathis Lile, III, Robert Morgan Pile and Jay W. Davidson, and others unknown to the Staff but connected with this business entity and persons 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 sections of the Act and is therefore properly before the Arkansas Securities Commissioner ("Commissioner") in accordance with Ark. Code Ann. § 23-42-209.

Respondents

2. Ensurapet, Inc. ("Ensurapet") a/k/a Vsurance, Inc. ("Vsurance") is Nevada corporation. Ensurance is a pet insurance company located in Canton, Ohio. Ensurance has never been registered with the Department.

3. W. Russell Smith ("Smith") is the president and CEO of Ensurapet. Smith has never been registered with the Department.

4. John Mathis Lile, III, ("Lile") is the former president of Ensurapet. Lile has not been registered with the Department since December 31, 1995.

5. Morgan Pile ("Pile") has never been register with the Department.

6. 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.

Facts Supporting Request for Cease and Desist Order

7. During all of the sales of securities, which are the subject of this Request for Cease and Desist Order, Ensurapet was known as Vsurance. Sometime after all of these sales of securities were completed Vsurance changed its name to Esurapet.

8. On or about August 14, 2006, Smith and Ensurapet sold AR1 a \$250,000.00 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.

9. On or about October 3, 2006, Smith and Ensurapet sold AR2 a \$7,200.00 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR2 paid \$7,200.00 for the promissory note in the form 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.

10. On or about October 3, 2006, Smith and Ensurapet sold AR3 a \$7,200.00 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in

common shares of stock in Vsurance. AR3 paid \$7,200.00 for the promissory note in the form 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.

11. On or about October 10, 2006, Smith and Ensrapet sold AR4 a \$275,000.00 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR4 paid \$275,000.00 for the promissory note in the form 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.

12. On or about October 13, 2006, Smith and Ensrapet sold AR5 a \$10,000.00 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR5 paid \$10,000.00 for the promissory note in the form 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.

13. On or about October 13, 2006, Smith, Lile and Ensrapet sold AR6 a \$5,000.00 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR6 paid \$5,000.00 for the promissory note in the form 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.

14. On or about October 24, 2006, Smith and Ensrapet sold AR7 a \$100,000.00 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR7 paid \$100,000.00 for the promissory note in

the form 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.

15. On or about October 24, 2006, Smith and Ensrapet sold AR8 a \$20,000.00 Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR8 paid \$20,000.00 for the promissory note in the form 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.

16. On or about October 27, 2006, Smith, Lile and Ensrapet sold AR8 \$3,000.00 worth of stock in Vsurance in Little Rock, Arkansas. AR9 paid \$3,000.00 for the shares of stock in Vsurance in the form a check made payable to Vsurance.

17. On or about October 27, 2006, Smith, Lile and Ensrapet sold AR10 1,000.00 worth of stock in Vsurance in Little Rock, Arkansas. AR10 paid \$1,000.00 for the shares of stock in Vsurance in the form a check made payable to Vsurance.

18. On or about January 17, 2007, Smith and Ensrapet sold AR11 a \$500,000.00 Convertible Security and Promissory Note in Little Rock, Arkansas. This promissory note was redeemable in common shares of stock in Vsurance. AR11 paid \$501,500.00 for the promissory note in the form two checks. The promissory note was signed by W. Russell Smith, III, individually as well as a corporate advisor and authorized signer for Vsurance.

19. On or about June 29, 2007, Pile, Davidson and Ensrapet sold FR1 a \$25,000.00 Convertible Security and Promissory Note in Little Rock, Arkansas. This promissory

note was redeemable in common shares of stock in Vsurance. FR1 paid \$25,000.00 for the promissory note in the form a check made payable to Vsurance or Jay Davidson. FR1's check was subsequently endorsed for deposited by Jay 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.

20. On June 29, 2007, Pile, Davidson and Ensrapet 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 \$50,000.00 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 deposited by Jay Davidson. Davidson was not registered with the Department at the time of this sale of Vsurance stock to FR1.

21. Neither Ensrapet nor Vsurance has ever been registered with the Department in any capacity.

22. Smith and Pile have never been registered with the Department in any capacity.

23. Lile and Davidson are not currently registered with the Department in any capacity.

Applicable Law

24. Ark. Code Ann. §23-42-501 states it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under this chapter; (2) the security or transaction is exempted under Ark. Code Ann. §23-42-503 or Ark. Code Ann. §23-42-504; or (3) it is a covered security.

25. Ark. Code Ann. §23-42-301(a) states that it is unlawful for any person to transact business in this state as a broker-dealer or agent unless he is registered with the Department.

Conclusions of Law

26. None of the securities sold by Ensurapet, Smith, Lile, Pile and Davidson to AR1 through AR11 and FR1 were registered with the Department, exempt from registration with the Department or a covered security.

27. Ensurapet violated Ark. Code Ann. §23-42-501 when it was involved in sales of securities to AR1 through AR11 and FR1.

28. Smith violated Ark. Code Ann. §23-42-501 when he was involved in sales of securities to AR1 through AR11 and FR1.

29. Lile violated Ark. Code Ann. §23-42-501 when he was involved in sales of securities to AR6, AR9 and AR10.

30. Pile violated Ark. Code Ann. §23-42-501 when he was involved in the sale of securities to FR1.

31. Davidson violated Ark. Code Ann. §23-42-501 when he was involved in the sale of securities to FR1.

32. Smith violated Ark. Code Ann. §23-42-301(a) when he was involved in sales or transactions of securities to AR1 through AR11 and FR1.

33. The conduct, acts, and practices of Ensurapet, Smith, Lile and Davidson threaten immediate and irreparable public harm. A cease and desist order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-42-209.

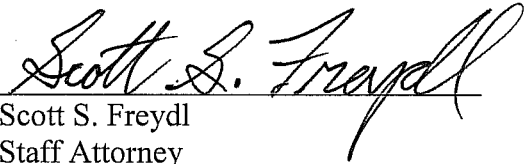
Legal Authority to Issue Cease and Desist Order

34. 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.

Prayer for Relief

WHEREFORE, the Staff respectfully requests that the Commissioner order Ensurapet, Smith, Lile, Pile and Davidson and others unknown to the Staff but connected with this business entity and persons to immediately CEASE AND DESIST from offering and/or selling securities to residents of the State of Arkansas until it and/or they are properly registered under the Arkansas Securities Act with the Department; and, for all other relief to which the Staff may be entitled.

Respectfully submitted,



Scott S. Freydl
Staff Attorney
Arkansas Securities Department

6/9/09

Date