

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER  
CASE NO. S-15-0017**

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF  
THE BULLION GROUP, INC.; and  
LUIS MANUEL PINEDA**

**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 The Bullion Group, Inc. and Luis Manuel Pineda have violated provisions of the Arkansas Securities Act (“Act”), codified at 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. The Bullion Group, Inc. (“The Bullion Group”) was a Florida corporation having a principal place of business located at 407 Lincoln Road, Suite 2B, Miami Beach, Florida 33139. The Bullion Group was administratively dissolved by the Florida Division of Corporations on September 26, 2014. The Bullion Group has never been registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act.

3. Luis Manuel Pineda (“Pineda”) is an individual currently residing in the state of Florida. Pineda was the president and registered agent of The Bullion Group. Pineda has never been registered with the Department in any capacity pursuant to the Act.

## FACTS SUPPORTING REQUEST FOR CEASE AND DESIST ORDER

4. In April of 2015, Luis Pineda contacted Arkansas Resident One (“AR1”) by phone to pitch an investment in The Bullion Group. AR1 was ninety-five years old at the time of the call. Pineda represented that The Bullion Group was a company specializing in the trade of gold and other precious metals. According to Pineda, he needed to raise capital to help with the startup costs of the company. In return for a capital contribution, Pineda offered to pay AR1 a weekly commission based on the sales produced by The Bullion Group.

5. On April 27, 2015, Pineda entered into an Investment Agreement (“Agreement”) with AR1 on behalf of The Bullion Group. Under the terms of the Agreement, AR1 would make an initial investment of \$33,300.00 with The Bullion Group in exchange for 10% commissions of the weekly sales produced by the company. Pineda executed the Agreement on behalf of The Bullion Group under the signature section labeled “Investee.” AR1 executed the Agreement under the signature section labeled “Investor.” A redacted copy of the Agreement has been attached hereto as Exhibit “A” and is incorporated herein by reference for all purposes.

6. The Agreement incorporated a chart showing an approximation of uses and needs to which AR1’s investment would contribute. The chart represented that AR1’s investment would be used as follows:

Business Licenses	\$2,500.00
Incorporation Expenses	\$200.00
Utilities	\$400.00
Phones	\$4,000.00
Rent	\$3,125.00
Interior Modifications	\$750.00
Bright House	\$1,000.00
Leads a month	\$7,000.00
Receptionist	\$1,600.00
Spiffs	\$2,500.00
Office Furniture	\$7,500.00
Phone Bill	\$1,500.00
<b>Total Startup</b>	<b>\$31,450.00</b>

7. However, while Pineda represented AR1's investment would be used for business purposes, Pineda later converted the entirety of the investment funds to his personal use. Specifically, Pineda used AR1's investment to pay for meals, entertainment, clothing, as well as to make large ATM cash withdrawals.

8. In addition to making false and misleading statements when soliciting AR1's investment, Pineda failed to disclose certain pertinent and material financial information related to the investment being offered, including, but not being limited to, the fact that the IRS had filed a federal tax lien against him on February 3, 2015, in the amount of \$25,765.00.

9. The investment offered by Pineda and The Bullion Group was not registered as a security pursuant to the Act. Furthermore, in connection with this investment, the Staff found no record of a filing evidencing a proof of exemption in accordance with the Act and no notice filing pursuant to federal law in connection with a covered security. Since AR1 made his initial investment, Pineda has continued to solicit AR1 for additional funds on a regular and ongoing basis.

#### **APPLICABLE LAW**

10. Ark. Code Ann. § 23-42-102(17)(A)(xi) includes investment contracts under the Act's definition of a security.

11. Ark. Code Ann. § 23-42-102(10) defines issuer as any person who issues any security.

12. Ark. Code Ann. § 23-42-301(a) provides that it is unlawful for any person to transact business as an agent of an issuer of securities without first being registered as such pursuant to the Act.

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

14. 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 the light of the circumstances under which they are made, not misleading.

### **CONCLUSIONS OF LAW**

15. The subject investment transaction whereby AR1 invested money with The Bullion Group and was due to receive a return based solely on the efforts of the company is an investment contract as defined by Ark. Code Ann. § 23-42-102(17)(A)(xi). The transaction was promoted, offered, and sold on the premise that the investor would receive an economic benefit in the form of commissions to be paid from the sales of the company. The money invested was always subject to the risk that the Respondents would not fulfill promises and pay the return as advertised. The investor had no control over the sales process necessary to generate returns on the investment. There is no other set of laws or regulations which offer protection to the investor other than the applicable securities laws. The investment transaction was packaged, advertised, marketed, and sold as the type of investment that the Act is intended to govern. Therefore, the subject transaction is an investment contract under Ark. Code Ann. § 23-42-102(17)(A)(xi).

16. The security sold by The Bullion Group and Pineda was not registered with the Department, exempt from registration with the Department, or a covered security. Therefore, The Bullion Group and Pineda violated Ark. Code Ann. § 23-42-501 when they sold the subject security to AR1.

17. The Bullion Group is an issuer as defined by Ark. Code Ann. § 23-42-102(10). The facts set out above demonstrate that Pineda represented The Bullion Group in effecting or attempting to effect the purchases or sales of securities to investors. Therefore, Pineda acted as an unregistered agent of an issuer in violation of Ark. Code Ann. § 23-42-301(a).

18. The Bullion Group and Pineda committed securities fraud in violation of § 23-42-507(2) by making false and misleading statements to AR1 and by omitting to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading, as set forth above in paragraphs four through 8. Specifically, The Bullion Group and Pineda falsely represented to AR1 that investment funds would be used for business purposes, and not for Pineda's exclusive personal use. The Bullion Group and Pineda further omitted to inform AR1 that the IRS had recently levied a federal tax lien against Pineda in the amount of \$25,765.00, which is information a reasonable investor would want to know prior to making an investment.

#### **LEGAL AUTHORITY TO ISSUE CEASE AND DESIST ORDER**

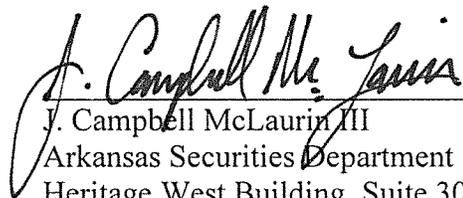
19. Ark. Code Ann. § 23-42-209(a)(1)(A) provides that whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act, or any rule 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 The Bullion Group and Luis Pineda 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 will summarily order The Bullion Group and Luis Pineda 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 just and proper relief to which the Staff may be entitled.

Respectfully Submitted,

  
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J. Campbell McLaurin III  
Arkansas Securities Department  
Heritage West Building, Suite 300  
201 East Markham Street  
Little Rock, Arkansas 72201  
*Counsel for the Staff*

## Investment Agreement

The Investment agreement is effective a month from the date of funding. The Investment: Investor will make the Investment in the Company in consideration for the rights and privileges set forth in this Agreement.

Between: Luis Pineda (Investee)  
The Bullion Group Inc.  
407 Lincoln Rd. Suite 2B  
Miami Beach, FL 33139

And: [REDACTED] (Investor)

### RECITALS

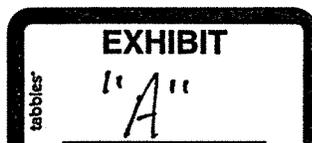
[REDACTED] desires to make an investment in the amount of Thirty Three Thousand Three Hundred Dollars (\$33,300) (the "Investment Amount") to Luis Pineda to facilitate such Business.

This Agreement is entered into by the parties to define the terms and conditions upon which the Investor will make the Investment.

For good and valuable consideration, the receipt and legal sufficiency of which are hereby expressly acknowledged, the parties hereto agree as follows:

#### 1. Investment

[REDACTED] agrees to invest the amount of \$33,300 with Luis Pineda. A second contract will determine the full amount of investment. This contract solidifies the investment for one purpose only. Luis Pineda is hereby obligated and agrees to pay [REDACTED] 5% of weekly company profits for the lifetime of the company. Should the company default or close any remaining balance of the \$33,300 not paid will be owed to William Docherman by Sale of the company (The Bullion Group Inc.)



**2. Terms**

The terms of this agreement shall commence in One month from the Friday after investment is fulfilled and the office is up and running.

The initial investment of \$33,300 Will be paid out separate with an extra 5% on top of the 5% that will be paid out to the investor [REDACTED] for a total of 10% commissions paid out on end of every week. As of date of initial investment is paid in full, the commissions will be paid out in the agree pay out of 20% on forward.

In case of the company failing/closing [REDACTED] will have full ownership of sale of the company to receive full payment of sale of The Bullion Group Inc.

**3. Assignment/ Successors**

Neither Party Hereto may assign this agreement or any rights hereunder to any other person, without the prior written consent of the other party hereto. This agreement shall be binding upon and inure to the benefit of the successors of the parties hereto.

**4. Model Example**

Model A. Shown below is an approximation of uses and needs by which the investment will contribute to:

Business Licenses	\$ 2,500.00
Incorporation Expenses	\$ 200.00
Utilities	\$ 400.00
Phones	\$ 4,000.00
Rent	\$ 3,125.00
Interior Modifications	\$ 750.00
Bright House	\$ 1,000.00
Leads a month	\$ 7,000.00
Receptionist	\$ 1,600.00
Spiffs	\$ 2,500.00
Office Furniture	\$ 7,500.00
Phone bill	\$ 1,500.00
Total Startup	\$ 31,450.00
Monthly Obligation	\$ 16,500.00

⊗ This contract is the full breakdown of the office expenses. The additional bond investment is a total of \$33,300 which will be added to the full amount of investment of \$71,000 Plus. ( Full detail will be applied on final contract).

5. Duration of Guarantee

This investment agreement is for however long the company's status is active. Once a guarantee is issued and effective, Luis Pineda may not terminate the contract unless a default occurs, but ~~the investor~~ holder may cancel without any penalty on any contract anniversary date starting with the third anniversary.

By signing this document you are acknowledging that you have read the following attached documents

and agree to follow the terms and conditions as such.

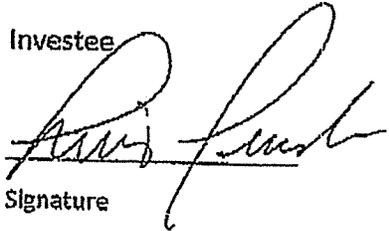
Investor

  
Signature

  
Print

04/27/15  
Date

Investee

  
Signature

LUIS PINEDA  
Print

04/23/15  
Date