

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE  
FOR THE STATE OF TENNESSEE AT NASHVILLE**

**TENNESSEE SECURITIES DIVISION,**  
**Petitioner,**

vs.

**ASSET RECOVERY & MANAGEMENT TRUST,**  
**d/b/a ARM TRUST, J. W. WILLIAMSON, and**  
**ALLIN MEANS,**  
**Respondents.**

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No.: 00-011

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**ORDER TO CEASE AND DESIST**

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This Order issues as a result of a Petition and its exhibits attached hereto filed by the Tennessee Securities Division of the Department of Commerce and Insurance and is predicated upon the following Findings of Fact and Conclusions of Law:

**FINDINGS OF FACT**

1. Asset Recovery & Management Trust, d/b/a ARM Trust (hereinafter referred to as "ARM") is a business entity which represents its business address to be Avienda 10 y 10 bis Calle 21, No. 1065, San Jose, Costa Rica CA. ARM has never registered a securities offering with the Division.

2. J. W. Williamson (hereinafter referred to as "Williamson") is a person whose citizenship and residence are unknown to the Division at time. Williamson represents his business address to be Avienda 10 y 10 bis Calle 21, No. 1065, San Jose, Costa Rica CA. Williamson has never registered with the Division as a broker-dealer, or as an agent of a broker-dealer.

3. Allin Means (hereinafter referred to as "Means") is a citizen and resident of the State of Tennessee, with his address being 8416 Honey Drive, Cordova, Tennessee 38018. Means has

never been registered with the Division as a broker-dealer, an agent of a broker-dealer.

4. The Respondents are presently and will continue to be engaged in the offer and/or sale of securities to Tennessee residents, which are not registered with the Securities Division, and do not qualify for any of the exemptions provided in the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.* As a result of this activity, the public will suffer immediate and irreparable injury, loss or damage;

5. The Respondents, Williamson and Means, are presently and will continue to act as broker-dealers in the State of Tennessee without proper registration, and will continue to solicit Tennessee resident customers. As a result of this activity, the public will suffer immediate and irreparable injury, loss or damage;

6. The Respondents, in connection with the offer, sale and purchase of a security in this state, are engaged in an act, practice or course of business which operates as a fraud or deceit upon citizens of this state by making omissions of material fact in the offer and sale of securities in this State;

7. This Order is in the public interest and necessary for the protection of investors, and is consistent with the purposes fairly intended by the Act;

### **CONCLUSIONS OF LAW**

Tennessee Code Annotated § 48-2-104 provides that it is unlawful for any person to sell any security in this state unless it is registered under this part, the security transaction is exempted under § 48-2-103, or the security is a covered security.

2. Tennessee Code Annotated § 48-2-102 provides that a security includes investment contracts. In *State v. Brewer*, 932 S.W.2d 1, 1 (Tenn.Crim.App. 1996), the court held that an

instrument or agreement would be considered an investment contract when (1) an offeree furnishes initial value to an offeror, (2) a portion of this initial value is subjected to the risks of the enterprise, (3) the furnishing of the initial value is induced by the offeror's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind, over and above the initial value, will accrue to the offeree as a result of the operation of the enterprise, and (4) the offeree does not receive the right to exercise practical and actual control over the managerial decisions of the enterprise.

3. Tennessee Code Annotated § 48-2-102(3) defines a "broker-dealer" as any person engaged in the business of effecting transactions in securities for the account of others, or any person engaged in the business of buying or selling securities issued by one (1) or more other persons for such person's own account and as part of a regular business rather than in connection with such person's investment activities;

4. Tennessee Code Annotated § 48-2-109(a) provides that it is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part;

5. Tennessee Code Annotated § 48-2-121(a) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to employ any device, scheme, or artifice to defraud, make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, or engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

6. Based upon the Findings of Fact, the Respondents have violated and are violating Tennessee Code Annotated § 48-2-104(a) by engaging in the offer and/or sale of an unregistered

security;

7 Based upon the Findings of Fact, the Respondents, Williamson and Means, have violated and are violating Tennessee Code Annotated § 48-2-109(a) by acting as unregistered broker-dealers;

8. Based upon the Findings of Fact, the Respondents have violated and are violating Tennessee Code Annotated § 48-2-121(a) by making material omissions of facts in the offer and sale of a security:

9. Tennessee Code Annotated § 48-2-116 provides that the Commissioner may make, promulgate, amend, and rescind such Orders as are necessary to carry out the provisions of the Tennessee Securities Act of 1980, as amended, and that such Order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act;

10. Tennessee Code Annotated § 48-2-116(e)(2) provides that no Order may be entered without prior notice to affected parties (unless the Commissioner determines that prior notice would not be in the public interest and would be detrimental to the protection of investors), an opportunity for a hearing before the Commissioner, and written Findings of Fact and Conclusions of Law;

1 Based upon the Findings of Fact, it would not be in the public interest and it would be detrimental to the protection of investors if prior notice of this Order were given to affected parties;

**NOW, THEREFORE**, in consideration of the foregoing, it is **ORDERED** that

The Respondents shall comply with the provisions of the Tennessee Securities Act of 1980, as amended

2. The Respondents shall cease and desist in the future conduct of offering and/or selling any unregistered security from, in, or into the State of Tennessee until such time as all securities offered and/or sold are effectively registered with the Division.

3. The Respondents shall cease and desist in the further conduct as a broker-dealer from, in, or into the State of Tennessee until such time as they are effectively registered with the Division to engage in such activity.

4. The Respondents shall cease and desist further use of any device, scheme, or artifice to defraud, make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, or engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person In the offer and/or sale of a security from, in or into this State.

5 All persons in any way assisting, aiding, or helping any of the aforementioned Respondents in any of the aforementioned violations of the Tennessee Securities Act of 1980, as amended, Tennessee Code Annotated §§ 48-2-101, *et seq.*, shall cease and desist from all such activities in violation of the Tennessee Securities Act of 1980, as amended.

This Order is not intended to prohibit any lawful conduct in which the Respondents might be engaged.

Entry of this Order shall not in any way restrict the Tennessee Securities Division or the Commissioner of Commerce and Insurance from taking further action with respect to these or other possible violations by the Respondents of the Act or any of the Rules promulgated thereunder.

This Order shall become a Final Order thirty (30) days from the date of its entry, unless written notification requesting a hearing is made within that thirty (30) day period.

You are advised that you have the right to a hearing as to all matters raised in this Order. If you wish to exercise your right to a hearing, please notify:

**DAPHNE D. SMITH  
ASSISTANT COMMISSIONER FOR SECURITIES  
STATE OF TENNESSEE, DEPARTMENT OF COMMERCE AND INSURANCE  
DAVY CROCKETT TOWER, SUITE 680  
500 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243**


Such request must be received within thirty (30) days of the date of entry of this Order.

ENTERED this the 18<sup>th</sup> day of September, 2000.



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Anne B. Pope, Commissioner  
Department of Commerce and Insurance

**APPROVED FOR ENTRY:**



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Daphne D. Smith  
Assistant Commissioner for Securities  
Department of Commerce and Insurance



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John F. Morris (BPR# 019144)  
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