

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

CEASE & DESIST
ORDER

DAVID AIMES,
STONE SERVICES,
STONE SERVICES GROUP,
STONE SERVICES FINANCIAL SECURITIES GROUP, and
EACH OF THEIR OFFICERS, EMPLOYEES, AND AGENTS.

NO. 01-045-S

CEASE AND DESIST ORDER

The Arkansas Securities Department ("Department") has received information and has in its possession certain evidence which indicates that David Aimes ("Aimes"), and variously Stone Services, Stone Services Group, and Stone Services Financial Securities Group, (together, "Stone") have violated provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. § 23-42-101 *et seq.*

FINDINGS OF FACT

1. According to documents and information received by the Department, Stone is an enterprise which describes itself as "a financial services group like none other" using United States Postal Service (USPS) Box 3769 in Fayetteville, Arkansas 72702, and it uses an Arkansas telephone number, 501-582-9402. Aimes identifies himself as 'Director, Customer Service' and 'Director, New Accounts' for Stone in promotional material or correspondence.
2. On or before June 2001, Stone advertised in a Riverside, California newspaper. A California resident answered the advertisement and received material from Stone/Aimes soliciting money to invest in mutual funds and to remit the money to the above Arkansas address.

3. A Stone advertisement (attached hereto as Exhibit 1) appearing in the July 2001 issue of Entrepreneur magazine was answered by a Virginia resident calling the specified Arkansas phone number. Entrepreneur magazine is located in Irvine California, is nationally circulated, and available for sale on newsstands in Arkansas. The advertisement stated, "Earn up to \$750 weekly researching articles. Stone Services. 1-(501) 582-9402." The Virginia resident received material (attached hereto as Exhibit 2) stating that Stone was "...in the business of investing in the stock market, futures, and options. When you open an account, we invest your money in these securities." Stone also guarantees an investment up to \$75,000. Stone claims "You can quickly earn over \$3500 a month with this small \$25 monthly investment." The "researching articles" is a self-education effort to improve the investor's ability to attain the weekly \$750, not a payment-for-articles job. These materials incorporate the above Fayetteville address for Stone.
4. In the October 2001 issue of Entrepreneur magazine, page 163, a classified advertisement appears stating "JOIN THE MONEY CLUB. \$3500 monthly. Stone Services www.stoneservicesgroup.com 1-(501) 582-9402." (attached hereto as Exhibit 3). This magazine was purchased in Little Rock, Arkansas.
5. Stone's Internet website at www.stoneservicesgroup.com embodies the above address, phone number, guarantee, account solicitation, and the statement "On average, you can expect a growth percentage rate of 40%." (attached hereto as Exhibit 4). The website states it is the Internet version of Stone Services.
6. Department staff called the above telephone number, and was greeted by an automated recorder. Staff left an address, but no material was received.

7. A subpoena for records and appearance on November 13, 2001 was sent to Aimes at the USPS Box address on October 30, 2001, and a duplicate subpoena was sent to Aimes at the address of the USPS Box renter on November 7, 2001. The Department has received no response, appearance, or records to date (attached hereto as Exhibit 5).
8. Stone is a "broker-dealer" as that term is defined by Ark. Code Ann. § 23-42-102 (3), ". . . any person engaged in the business of effecting transactions in securities for the account of others or for his own account." Stone is not currently registered as a broker-dealer with this Department.
9. Aimes is an "agent" as that term is defined by Ark. Code Ann. § 23-42-102 (2) (A), "any individual . . . who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.". Aimes is not currently registered as agent of a broker-dealer or issuer with this Department.
10. In addition to effecting transactions for the account of others, Stone's offer of a return for an investment of money constitutes the offer of an "investment contract", which is a "security" as defined by Ark. Code Ann. § 23-42-102 (15) (A).

CONCLUSIONS OF LAW

11. Ark. Code Ann. § 23-42-201 gives the Arkansas Securities Commissioner authority to administer the provisions of the Act.
12. Ark. Code Ann. § 23-42-209 (a) (1) provides that, when it appears to the Commissioner that sufficient grounds or evidence exists that any person has violated or is about to violate any provision of the Act, the Commissioner may summarily order the person to cease and desist from that act or practice.

13. Ark. Code Ann. § 23-42-301 (a) provides that it is unlawful for any person to transact business in this state as a broker-dealer or agent unless he is registered in accordance with the Act.
14. Ark. Code Ann. § 23-42-501 provides that it is unlawful for a person to offer or sell any security in this state unless the security is registered in accordance with the Act, exempt from that registration, or a covered security.

OPINIONS

15. For reasons set forth herein, and based upon Findings of Fact and Conclusions of Law recited above, it is the opinion of the Commissioner that:
16. This matter has been properly brought before the Commissioner.
17. Stone is operating as a broker-dealer in Arkansas.
18. Stone is not registered as a broker-dealer in Arkansas.
19. Stone should immediately cease and desist from further solicitation of and/or offering the services of a broker-dealer until such time as it is properly registered with this Department.
20. Aimes is effecting or attempting to effect transactions in securities for the account of others in Arkansas through Stone.
21. Aimes is not registered with the Department as an agent of a broker-dealer or issuer for Stone, or any other entity.
22. Aimes should immediately cease and desist from further actions as an agent until such time as he is properly registered as an agent with this Department.
23. The investment contracts of Stone are a security subject to the registration requirements of the Act.
24. The investment contracts of Stone have not been registered with the Department, neither are they exempt from that registration, nor are they covered securities.

25. Aimes should immediately cease and desist from further solicitation of and/or the offer of investment contracts until such securities are properly registered or exempted from registration with this Department.
26. Aimes and Stone should immediately cease and desist from the collection of funds from any Arkansas resident.
27. These activities appear ongoing and widespread.
28. This order is in the public interest.

ORDER

IT IS THEREFORE ORDERED THAT David Aimes, Stone Services, Stone Services Group, Stone Services Financial Securities Group, and each of their Officers, Employees, and Agents CEASE AND DESIST from any future action in the State of Arkansas in connection with the offer and sale of securities without registration with this Department.

WITNESS MY HAND AND SEAL this 30th day of November 2001



MAC DODSON
ARKANSAS SECURITIES COMMISSIONER