

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER**  
**CASE NO. S-15-0033**  
**ORDER NO. S-15-0033-15-OR01**

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF**  
**THE BUDDY COMPANIES, LLC; and**  
**SIMONE SIMON**

**RESPONDENTS**

**CEASE AND DESIST ORDER**

On August 26, 2015, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for Cease and Desist Order (“Request”). In its Request, the Staff states that it has certain information and evidence indicating that The Buddy Companies, LLC and Simone Simon have violated provisions of the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request and based upon the representations made therein finds that:

**FINDINGS OF FACT**

The Request contains the following representations of fact:

1. The Buddy Companies, LLC (“TBC”) is a Delaware limited liability company which at all relevant times herein had a principal place of business located at 25173 Goldfinch Lane, Golden, Missouri 65658. TBC has never been registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act.

2. Simone Simon (“Simon”) is an individual who resided in Golden, Missouri at all relevant times herein. Simon is the principal owner and managing director of TBC. Simon has never been registered with the Department in any capacity pursuant to the Act.

3. In April of 2010, Simon was employed as a legal assistant at a law firm in Eureka Springs, Arkansas. Arkansas Resident One (“AR1”) was a divorce client of Simon’s employer.

Simon met AR1 in her capacity as a legal assistant and used her interactions with AR1 at the law firm to pitch an investment in TBC.

4. TBC is a company purportedly in the business of packaging and selling sunscreen products. Simon used an office at the law firm to make an investment presentation to AR1 pertaining to the products offered by TBC. AR1 was due to receive a lump sum payment in the amount of \$88,000.00 as part of a divorce settlement. At the conclusion of her presentation, Simon convinced AR1 to invest \$25,000.00 from her divorce settlement in TBC.

5. On April 21, 2010, AR1 entered into a Convertible Promissory Note with TBC to commemorate the terms of the investment. AR1 invested \$25,000.00 in TBC in exchange for a return of 8% per annum, with interest and principal being due and payable at the end of one year. In addition, the Convertible Promissory Note gave TBC the option to convert all or a portion of the principal due into securities of TBC at its sole discretion. Simon executed the Convertible Promissory Note as managing director on behalf of TBC. A redacted copy of the Convertible Promissory Note entered into between the Respondents and AR1 was attached to the Request as Exhibit "A" and incorporated therein by reference for all purposes.

6. Regarding the investment transaction described herein, a search of Department records by the Staff revealed no registration or proof of exemption in accordance with the Act and no notice filing in accordance with federal law in connection with a covered security.

#### **APPLICABLE LAW**

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

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

9. 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.

10. 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.

### **CONCLUSIONS OF LAW**

11. The subject investment transaction whereby AR1 invested money in TBC in the form of a convertible note is an investment contract as defined by Ark. Code Ann. § 23-42-102(17)(A)(xi).

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

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

### **ORDER**

14. Respondents shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-501, and refrain from soliciting, offering, and/or selling securities in Arkansas unless and until the securities are properly registered pursuant to the Act, exempt from such registration, or a covered security.

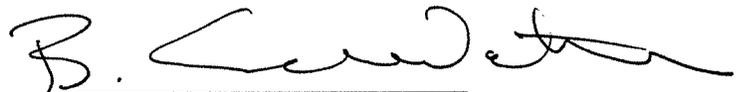
15. Respondent Simon shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301, and refrain from acting as an agent of the issuer until such time as she is properly registered or shown to be exempt from registration pursuant to the Act.

16. A hearing on this Cease and Desist Order shall be held if requested by any of the Respondents in writing within thirty days of the entry of this Order or if otherwise ordered by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2)(A). Such request should be addressed to the Commissioner and submitted to the following address:

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

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

Dated this 28 day of August, 2015.



B. Edmond Waters  
Arkansas Securities Commissioner