

MIKE BEEBE
GOVERNOR

A. HEATH ABSHURE
COMMISSIONER



HERITAGE WEST BUILDING, SUITE 300
201 EAST MARKHAM STREET
LITTLE ROCK, ARKANSAS 72201-1692
TELEPHONE: (501) 324-9260
FACSIMILE: (501) 324-9268

ARKANSAS SECURITIES DEPARTMENT

David Smith
Direct Dial: 501/324-8694

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Contact Person: David Smith, Chief Counsel

ARKANSAS SECURITIES COMMISSIONER ISSUES THREE CEASE AND DESIST ORDERS

On July 28, 2008, the Arkansas Securities Commissioner, A. Heath Abshure, issued three cease and desist orders in unrelated cases. The Securities Commissioner ordered Char-Ran Company, LLC, Randolph Martin, Sr., and Charolett Martin to immediately cease and desist from offering participations in an unregistered real estate development venture. The Securities Commissioner found that Char-Ran and the Martins had received \$60,000 from an Arkansas investor with promises that the money would be used to build a residential home on vacant property. Char-Ran and the Martins also promised the investor that the investor would receive a \$15,000 return on her investment within three months.

After repeated requests from the investor, Randolph Martin, Sr., sent the investor a letter claiming that the investor had lost the entire \$60,000. However, Abshure found that Char-Ran and the Martins did not engage in any construction activity as promised to the investor. Further, Abshure noted that Char-Ran and the Martins had failed to respond to the Securities Department's request for an itemized accounting of Char-Ran's use of the investor's funds. Abshure ordered that Char-Ran immediately cease and desist from any continued sales of unregistered securities, and ordered that they immediately cease and desist from any fraudulent and deceitful acts.

According to David Smith, Chief Counsel at the Arkansas Securities Department, claims involving real estate investments are increasing because real estate issues are a current topic of interest. "Despite the recent decline in property values, investments in real estate long have been touted as a sure thing, one with little downside risk, and the potential for substantial returns," said Smith. "We are seeing more and more real estate-related securities schemes. Promoters are telling investors that now is the time to invest in real estate because of the drop in property values. Investors need to be careful to protect themselves. Just because an investment involves real estate it may still be a security and it may be subject to substantial risk."

Abshure also entered an order against Global Partners Capital, Asia Pacific Energy, Inc., Hau Wai Cheung, Singh Gahunia, Travis Armstrong, Peter Beckford, and Diane Francis, alleging that they offered and sold an unregistered oil and gas scheme. Asia Pacific was touted to investors as a oil and gas

exploration company. "As with real estate investments, fraudsters follow the headlines," stated Smith. "It makes their fraudulent offerings seem legitimate. The scam artists know that the public is concerned about oil prices, just as the public is concerned about the real estate market. The promoters build their fraudulent scheme around this fear. By using topics of current interest, fraudsters increase their marketing potential. Every time a potential investor picks up the newspaper and reads about oil prices or the real estate market, he is reminded of the scheme that the fraudster is trying to sell to him." "

Abshure also ordered Creative Chicken Company and Owen Laughlin to cease and desist from offers and sales of unregistered securities over the internet. Abshure found that Creative Chicken Company of Siloam Springs, Arkansas, has published advertisements claiming that it has developed a method whereby it can process chicken litter into an environmentally-friendly fertilizer for residential and commercial use. CCC represents that its method can process an initial capacity of 100 tons of chicken litter per hour. CCC's advertisement asserts that its processing plant will have an anticipated production capacity of approximately 2,592,000 bags of fertilizer per month. Abshure found that Creative Chicken Company and Laughlin were using the company's website to offer a minimum of \$7,500 and a maximum of \$50,000,000 of the company's stock in violation of the Arkansas securities laws. Abshure also ordered that staff of the Arkansas Securities Department continue to investigate the matter to determine if further action is necessary.

"The Internet allows individuals or companies to communicate with a large audience without spending a lot of time, effort, or money," said Smith. "Anyone can reach tens of thousands of people by building an Internet web site or posting a message on an online bulletin board. It's easy for fraudsters to make their messages look real and credible. But it's nearly impossible for investors to tell the difference between fact and fiction. Scam artists continue to rush to the Internet to peddle their unregistered securities and fraudulent schemes. Investors should know that if they are buying through the internet, they are often buying on the basis of online hype alone."