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FOR IMMEDIATE RELEASE

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Contact Person: Theodore Holder, Assistant Commissioner

RESPONDENT OF SECURITIES COMMISSIONER ORDER PLEADS GUILTY TO SECURITIES FRAUD IN BOONE COUNTY CIRCUIT COURT, IS SENTENCED TO 15 YEARS IMPRISONMENT, \$120,000 RESTITUTION

Clifford W. Pitts pleaded guilty to one count of securities fraud in the Boone County Circuit Court in Harrison on April 8, 2009. Pursuant to a plea agreement, he was sentenced to fifteen years imprisonment and ordered to make restitution of \$120,000 to victims of the fraud and \$2,500 to the Arkansas Securities Department (ASD). Pitts had been the subject of a cease and desist order issued by then Arkansas Securities Commissioner Michael B. Johnson on September 11, 2006. In that order, Pitts was found to have offered several Arkansas investors three false investment opportunities. In the first, Pitts promised a 50% return in six months for an investment in a project to build a telephone system for the government of Grenada. Second, Pitts offered an investment in a purported annuity based in the Virgin Islands or the Caribbean which would pay 10% each month of the amount invested for 10 months, receiving his his initial investment back with the 10th 10% payment, thus doubling his money. The third investment featured terms identical to the second, but was said to be an investment in an Asian stock market. Pitts neglected to inform the investors that he had served prison time in the federal and Kansas prisons systems for armed robbery and armed bank robbery. According to the order, all the investments occurred in 2005, and Pitts disappeared with the money in January, 2006.

Following the issuance of the cease and desist order, an arrest warrant was issued by Boone County authorities for Pitts based partially on the investigation of the ASD in January, 2007. Pitts was arrested on the basis of this warrant as he was coming back into the United States from Mexico in October, 2007. Trial was continued until this date at Pitts's requests for medical problems and other reasons.

After Pitts was arrested, Ron Kincade, Prosecuting Attorney for the Fourteenth Judicial District, filed an information charging Pitts with one count of theft by deception and one count of securities fraud. The ASD worked closely with Deputy Prosecuting Attorney Christopher Carter. Assistant Commissioner Theodore Holder was appointed a special deputy prosecuting attorney in this case to help with the trial, scheduled for April 8. On the day before trial, Pitts decided to accept the plea offer set out in the first paragraph.

Present Arkansas Securities Commissioner A. Heath Abshure extends his thanks and appreciation to Mr. Kincade and Mr. Carter for their willingness to follow up the ASD's investigation with this criminal action. Assistant Securities Commissioner Theodore Holder also

extends his appreciation: "This is a great example of what can be done when two governmental entities cooperate. Criminal prosecution was the best outcome for this case, and that could not have come about without the cooperation of both agencies. Working with Deputy Prosecuting Attorney Chris Carter and his great staff in Harrison, has been a pleasure."

Copies of the 2006 cease and desist order can be obtained at the Arkansas Securities Department's website: www.state.ar.us/arsec/. *In the Matter of Clifford Wayne Pitts and Donna K. Bishop*, No. S-06-009-06-CD01.