

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

Theodore Holder  
Direct Dial: 501/324-8678  
Email: ted.holder@mail.state.ar.us

### FOR IMMEDIATE RELEASE

Date: July 1, 2008

Contact Person: Theodore Holder, Assistant Commissioner

#### **ARKANSAS SECURITIES COMMISSIONER ISSUES CEASE AND DESIST ORDER AGAINST TIMOTHY LILLY**

Arkansas Securities Commissioner A. Heath Abshure issued a cease and desist order on Tuesday, July 1, ordering Timothy Alonza Lilly, doing business as Covenant Senior Advisors, LLC, finding that Lilly and Covenant were acting as unregistered investment advisers. Abshure also found that Lilly was improperly using various professional designations to imply that Lilly possessed specialized qualifications.

According to the order, Lilly, who is licensed with the Arkansas Insurance Department as an insurance agent, acted as an investment adviser without being registered as such with the Arkansas Securities Department. In so finding, Commissioner Abshure found that Lilly advised a number of customers to liquidate existing securities holdings, and to invest the proceeds into equity-indexed annuities.

Abshure's also found that Lilly improperly used professional certifications that Lilly had not actually earned or was ineligible to use. Lilly used these certifications in a postcard advertisement for a free lunch seminar and also on his website. Lilly used various certifications, including "Certified Senior Advisor," "Certified Retirement Financial Advisor," and "Registered Financial Advisor." In using the "Certified Senior Advisor" certification, Abshure found that Lilly was no longer a member of the organization that granted the certification, the Society of Certified Senior Advisors, and also found that Lilly had not included the appropriate disclaimer as required by the Society of Certified Senior Advisors. This disclaimer required by the SCSA encourages senior citizens to ask what an adviser's licenses, credentials, and education signify, and also note that the certification alone does not imply experience in financial, health or social matters. As to the other designations used by Lilly, Abshure found that Lilly had not actually earned or was otherwise ineligible to use the designation. Abshure found that Lilly's use of these designations violated Arkansas law prohibiting fraudulent and deceitful conduct.

On May 23, 2008, Abshure entered a cease and desist order against Lilly and others relating to Lilly's sale of certificates of deposit.

“This cease and desist order is part of the Senior Fraud Initiative that Commissioner Abshire announced in January,” stated Assistant Commissioner Theodore Holder. “Recommendations to sell securities comprise advice concerning securities every bit as much as recommendations to buy securities. When those recommendations are made professionally, the person making the recommendations must be registered as an investment adviser. Only then can the investing public have some confidence in the soundness of such recommendations.”

Chief Examiner Phyllis Shelby added, “The use of certifications or designations after one’s name implying a special expertise due to the completion of a course of study or training when the user has not completed that course of study or training is a target of senior fraud initiatives all over North America. Nothing else quite puts prospective investors at ease and stops critical thinking as the statement that one is an expert, which is what the use of such certifications and designations imply.”

The public is advised that this is a continuing investigation. Should anyone have any further information about any of these respondents or any other matter, please call Mr. Holder at 501-324-8678 or Chief Examiner Phyllis Shelby at 501-324-8692. Either Mr. Holder or Ms. Shelby can also be reached at the 1-800 hotline number printed below

Copies of the order can be obtained at the Arkansas Securities Department’s website, [www.securities.arkansas.gov](http://www.securities.arkansas.gov). Order No. S-08-053-08-CD01, *In the Matter of Timothy Alonza Lilly, d/b/a Covenant Senior Advisors, LLC*.