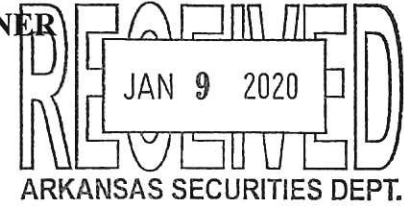


BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-20-0001
ORDER NO. S-20-0001-20-OR01



IN THE MATTER OF:
HENRY COOPER AND
NETWORK TRADE, LLC

RESPONDENTS

CEASE AND DESIST ORDER

On January 9th, 2020, the Staff of the Arkansas Securities Department (“Staff”) filed its request for a Cease and Desist Order (“Request”), stating that it has information and certain evidence that indicates Henry Cooper (“Cooper”) and Network Trade, LLC (“Network Trade”) have violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. §§23-42-101 through 23-42-509. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

1. This matter is brought in connection with violations of the Act and is therefore properly before Commissioner in accordance with Ark. Code Ann. § 23-42-209.
2. Network Trade is a Wyoming corporation with its principal place of business located at 3607 Lancewood Way, Fallbrook, CA 92028. Network Trade has never been registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act.
3. Cooper is a resident of the state of California. Cooper has never been registered with the Department in any capacity pursuant to the Act. According to the “Contractual Joint Venture Agreement” (“Agreement”) attached to the Request as Exhibit A, Cooper is the director of Network Trade.

4. Cooper contacted Arkansas Resident One (“AR1”) by phone in 2018. During this conversation, Cooper described an investment opportunity to AR1 regarding the purchase and sale of Standby Letters of Credits (“SBLC”).
5. Cooper, on behalf of Network Trade, entered into the Agreement (“Agreement”) with AR1 on December 21, 2018.
6. The Agreement stated that AR1 was to invest \$50,000.00 as a cutting fee payment for the issuance and delivery of the SBLC. The Agreement called for AR1 to transfer the \$50,000.00 to a trust account held by Network Trade. According to the Agreement, after AR1 wired the investment to the Network Trade trust account, the issuer of the SBLC would either monetize or sell the SBLC. Monetization would be seventy percent (70%) and the sale price would be fifty-two percent (52%) of the SBLC face value. The Agreement laid out how the payments and profit shares would work. Upon completion of the sale, Network Trade and AR1 were to divide the profits of the sale pursuant to the Agreement. According to the Agreement, in return for AR1’s investment he ultimately would receive a payout of \$83.33 million.
7. The Agreement was signed by AR1 and Cooper for and on behalf of Network Trade as its director.
8. Between December 2018 and February 2019, AR1 wired three separate transactions totaling \$50,000.00 to a trust account held by Network Trade.
9. To date, AR1 has received no payments or returns on the investment made with Cooper and Network Trade.

CONCLUSIONS OF LAW

10. Ark. Code Ann. § 23-42-102(17)(A)(xi) includes an investment contract under the definition of a security. The Agreement entered into by Cooper for and on behalf of Network Trade and AR1 is an investment contract.
11. Ark. Code Ann. § 23-42-501 makes it unlawful for any person to offer or sell any security in this state unless that security is registered in accordance with the Act, is exempt from registration pursuant to the Act or is a covered security under federal law. The security offered and sold by Cooper and Network Trade was not registered with the Department, exempt from registration with the Department, or a covered security under federal law. Therefore, Cooper and Network Trade violated Ark. Code Ann. § 23-42-501 when they offered and sold a security to AR1.
12. Ark. Code Ann. § 23-42-507 makes it unlawful for any person in connection with the offer, sale or purchase of any security, directly or indirectly : 1) to employ any device, scheme or artifice to defraud; 2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or 3) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person. Cooper and Network Trade employed a scheme to defraud investors and made untrue statements of material fact in violation of Ark. Code Ann. § 23-42-507 through the sale of a fictitious investment in prime bank instruments to AR1. SBLCs are not bought and sold as described in the Agreement. The trading program described in the Agreement does not exist and the returns promised by Cooper and Network Trade were not produced.

LEGAL AUTHORITY TO ISSUE CEASE AND DESIST ORDER

13. Ark. Code Ann. § 23-42-209(a)(1)(A) provides that whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act, or any rule or order under the Act, the Commissioner may summarily order the person to cease and desist from the act or practice.

ORDER

IT IS THEREFORE ORDERED that Cooper and Network Trade immediately CEASE AND DESIST from offering and/or selling fraudulent, unregistered securities to residents of the State of Arkansas.

A hearing on this Order shall be held if requested by Cooper and/or Network Trade in writing within thirty (30) days of the date of the entry of this Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
1 Commerce Way, Suite 402
Little Rock, Arkansas 72202

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



B. Edmond Waters
Arkansas Securities Commissioner

JAN 9th 2020

Date