

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
TWELFTH DIVISION

**A. HEATH ABSHURE,
ARKANSAS SECURITIES COMMISSIONER**

PLAINTIFF

vs.

No. 60CV-11-0889

**P-R-E, LLC d/b/a PHOENIX RENEWABLE ENERGY,
STEPHEN R. WALKER, and SAMUEL L. ANDERSON, JR.**

DEFENDANTS

CONSENT JUDGMENT

The Plaintiff, A. Heath Abshure, Arkansas Securities Commissioner (“Securities Commissioner”) filed this action pursuant to the Arkansas Securities Act (the “Act”), codified at Ark. Code Ann. §§ 23-42-101 through 509. The Securities Commissioner and separate Defendant Stephen R. Walker (“Walker”) (sometimes collectively referred to as “the parties”) wish to resolve the portions of this action applicable to Walker. The parties have reached an agreement for which the general terms were read into the record during an open court hearing on May 23, 2012. The parties assert that this Consent Judgment has been negotiated in good faith and that its terms constitute a fair and reasonable settlement of all contested issues between the parties. Based upon the facts and matters before this Court, and with the consent of the parties, it is hereby ORDERED, ADJUDGED, AND DECREED:

JURISDICTION AND VENUE

1. The Securities Commissioner brought this action pursuant to Ark. Code Ann. § 23-42-209, which permits the Securities Commissioner to bring an action in the Pulaski County Circuit Court seeking injunctive relief and relief ancillary to injunctive relief as may be appropriate in the public interest, including but not limited to obtaining an accounting,

disgorgement, restitution, and the assessment of a fine, in any case where it appears to the Securities Commissioner upon sufficient grounds that any person has engaged or is about to engage in any violation of the Act. The Securities Commissioner is the proper person to bring this action. Walker is subject to the provisions of the Act and the jurisdiction of this Court through his business dealings in the State of Arkansas, as same are detailed below.

2. For purposes of this Consent Judgment, the Securities Commissioner and Walker waive all objections and defenses they may have to the jurisdiction or venue of the Circuit Court of Pulaski County, Arkansas, and shall not challenge the Court's jurisdiction in any subsequent action to enforce the terms of this Consent Judgment.

PARTIES BOUND

3. This Consent Judgment applies to and is binding upon the Securities Commissioner and Walker. Any change in ownership or status of a party, including, but not being limited to, any transfer of assets or personal property, shall in no way alter such parties' responsibilities under this Consent Judgment.

4. This Consent Judgment constitutes the entire agreement of the parties. The undersigned acknowledge that there are no communications or oral understandings contrary, different, or which in any way restrict this Consent Judgment and that any and all prior agreements or understandings within the subject matter of this Consent Judgment are, upon the effective date of the Consent Judgment, superseded, null, and void.

5. This Consent Judgment resolves and releases all civil claims, causes of action, or proceedings which were or could have been asserted by the Securities Commissioner against Walker for those practices and transactions alleged within the original Complaint. Nothing within this Consent Judgment, however, precludes the Securities Commissioner from instituting

any cause of action against any party not a signatory to this Consent Judgment. Nor shall this release or in any way limit the authority of the Securities Commissioner to conduct such investigations as he deems advisable or to bring any enforcement action regarding alleged violations of law unrelated to the original Complaint or occurring after the date of this Consent Judgment. Also, the Securities Commissioner is empowered to seek enforcement of any and all sections of this Consent Judgment by appropriate action with this Court.

6. Nothing in this Consent Judgment shall be construed to deprive any person or entity not a signatory hereto of any private right of action of any kind whatsoever, nor shall this Consent Judgment be construed to create any private right of action for any person or entity not a signatory hereto.

7. Nothing herein shall be construed as the endorsement of, or acquiescence in, any course of conduct by Walker, past, current, or future; and, Walker shall make no representations to the contrary.

8. This Consent Judgment will be construed and enforced under the laws of the State of Arkansas.

FINDINGS OF FACT

While Walker generally admits to selling unregistered, non-exempt securities in violation of Ark. Code Ann. § 23-42-501, Walker has agreed to this settlement without admitting or denying the findings of fact or conclusions of law set forth in this section, to-wit:

9. Walker, a resident of Hot Springs, Arkansas, served as the director of development, the chief operating officer, and as a board member of P-R-E, LLC d/b/a Phoenix Renewable Energy ("PRE"), an Arkansas limited liability company with its principal place of business in Hot Springs, Arkansas.

10. While acting in his capacity as a director, officer, and board member for PRE, Walker solicited potential investors in PRE by making representations that: PRE would use investor funds to start construction of a \$180 million or \$160 million wood pellet plant in Camden, Arkansas, with additional plants to be built and operated elsewhere in South Arkansas; money invested in PRE through promissory notes would be repaid within one to four months; investors would retain ownership interests in PRE even after the promissory notes were repaid; ownership interests of investors would soon convert to shares of common stock that would be listed on the Frankfurt Stock Exchange in Germany; and special circumstances had opened up an opportunity for the individuals to become investors in PRE, but they would have to provide their investment money to PRE immediately. All of these representations made by Walker to investors were false.

11. Walker omitted to inform PRE investors of the material fact that Walker had filed for Chapter 7 personal bankruptcy in April 2008 prior to entering into the transactions with Arkansas investors, and that the bankruptcy proceeding was unresolved at the time of the transactions. Walker additionally failed to inform PRE investors of the material fact that Walker had been charged in Garland County, Arkansas with the crime of theft of property by deception in June 2008, and that Walker had been found guilty of entering into a real estate contract through fraudulent means and taking \$250,000.00 from an individual for the purchase of real property that Walker did not own, while never returning the money.

12. Walker further defrauded investors by using a portion of PRE investment funds to repay old debts owed by Walker and an entity known as America's PastTime Park of North Little Rock, L.L.C. ("APPNLR"). Walker fraudulently caused \$120,000.00 of PRE investor

funds to be given or directed to three individuals who previously invested with Walker in APPNLR, an entity unrelated to PRE which had gone defunct.

13. Walker and others associated with PRE sold promissory notes and membership interests in PRE totaling \$1,612,000.00 to thirty-seven individual investors over a two-year period. However, construction of a wood pellet plant was never started, investors were never repaid, common stock was never issued, and there were never any special circumstances that opened a window of opportunity for the investors to invest in PRE. Regarding the investments in PRE described herein, a search of the records of the Arkansas Securities Department revealed no registration or proof of exemption in accordance with the Act and no notice filing in connection with a covered security.

14. The subject promissory notes and membership interests sold to investors by Walker are securities under Ark. Code Ann. § 23-42-102(15)(A). Walker violated Ark. Code Ann. § 23-42-501 by offering and selling unregistered, non-exempt securities to investors in the State of Arkansas. Walker violated Ark. Code Ann. § 23-42-507 by making untrue statements of material facts and omitting to state necessary material facts in connection with the offer and sale of the subject securities, as detailed in paragraphs 9 through 13 above. Walker violated Ark. Code Ann. § 23-42-507 by engaging in acts that caused investor funds in PRE to be diverted to an unrelated business venture without the knowledge or approval of the PRE investors, as detailed in paragraph 12 above.

RELIEF

15. Walker is hereby enjoined from offering or selling any security in the State of Arkansas unless and until the security is properly registered with the Arkansas Securities Department or is offered or sold pursuant to an exemption from registration under the Act and

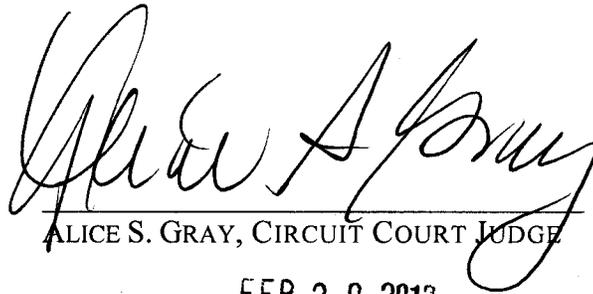
Walker is properly registered under the Act or is acting pursuant to an exemption from registration under the Act.

16. Walker is hereby enjoined from engaging in any fraudulent activity in connection with the offer or sale of any security in the State of Arkansas.

17. Walker is hereby permanently barred from serving as an officer, director, or managing member of a company or limited liability company that offers or sells securities.

18. Walker shall pay a fine in the amount of \$375,000.00 to the Arkansas Securities Department, 201 East Markham, Suite 300, Little Rock, Arkansas 72201, by no later than 5:00 p.m. on May 23, 2015.

IT IS SO ORDERED.



ALICE S. GRAY, CIRCUIT COURT JUDGE

FEB 20 2013

Date: _____

PREPARED AND PRESENTED BY:



J. Campbell McLaurin III (No. 08-280)
David H. Smith (No. 84-208)
Arkansas Securities Department
201 East Markham Street, Suite 300
Little Rock, Arkansas 72201
Telephone: (501) 324-8670
Facsimile: (501) 324-9268
Counsel for the Commissioner