

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-09-041
ORDER NO. S-09-041-11-OR02**

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

CONSTANTINE A. DIAVATOPOULOS

RESPONDENT

CONSENT ORDER

This Consent Order (“Order”) is entered pursuant to the Arkansas Securities Act, Ark. Code Ann. §§ 23-42-101 through 23-42-509 (“Act”), the Rules of the Arkansas Securities Commissioner (“Rules”), and the Arkansas Administrative Procedures Act, Ark. Code Ann. §§ 25-15-101 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”) and the Respondent, Constantine A. Diavatopoulos (“Diavatopoulos” or “Respondent”).

I. INTRODUCTION

1. Respondent has advised the Staff of his agreement to resolve the investigation of these matters, to consent to the entry of this Order, and to abide by its terms.
2. Respondent admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”) and voluntarily and permanently waives any right to a hearing and appeal under the Act and the Arkansas Administrative Procedures Act with respect to this Order.

II. STATEMENT OF FACTS

3. From July 2002 until November 2005, Diavatopoulos was registered as a broker-dealer agent in Arkansas with A.G. Edwards & Sons, Inc. His Central Registration Depository (“CRD”) number is 2402103.
4. From November 2005 until November 2006, Diavatopoulos was not registered as a

broker-dealer agent or agent of an issuer in Arkansas or any other jurisdiction. His CRD employment history record reflects that he was unemployed during this time period.

5. From November 2006 until February 2007, Diavatopoulos was registered as a broker-dealer agent in Arkansas with Ridgeway & Conger, Inc.

6. The CRD employment history record for Diavatopoulos reflects that he was self employed as a software developer from February 2007 until October 2008.

7. Diavatopoulos became registered as a broker-dealer agent in Arkansas with Lawson Financial Corporation, CRD number 15261, in October 2008. On May 27, 2010, Diavatopoulos made a filing with CRD requesting termination of his registration as a broker-dealer agent in Arkansas.

8. On or about April 6, 2006, Diavatopoulos offered and sold a promissory note to an Arkansas resident, ("AR1"), who lived in Lowell, Arkansas. Pursuant to the agreement, AR1 invested \$10,000 with Diavatopoulos and was to receive 15% annual interest on his investment. AR1 received an interest payment in 2006 in the amount of \$750 and a second payment in 2007 in the amount of \$1500, but did not receive any additional interest payments or the return of his investment principal as the agreement provided.

9. On or about June 6, 2006, Diavatopoulos offered and sold a promissory note to another Arkansas resident, ("AR2"), who lived in Prairie Grove, Arkansas. Pursuant to the agreement, AR2 invested \$16,500 with Diavatopoulos in a company named Docgamentry, Inc. and was to receive 10.5% annual interest on his investment. AR2 received an interest payment in the amount of \$1,737 and four additional payments totaling \$578.98, but did not receive any additional interest payments or the return of his investment principal as the agreement provided.

10. AR1 was told by Diavatopoulos that his investment involved development of a computer search engine. AR2 was told by Diavatopoulos that his investment in Docgamentry, Inc. involved the

development of a computer online video game.

11. Diavatopoulos sold additional investments, totaling over \$70,000, to investors in Arkansas and other states during 2006. The funds Diavatopoulos received from investors were deposited in his personal bank account, and much of the money was spent on personal expenditures.

12. The records of the Arkansas Securities Department ("Department") do not reflect a securities registration filing or exemption from registration filing for Docgamentry, Inc.

III. CONCLUSIONS OF LAW

13. The Commissioner has jurisdiction over this matter pursuant to Ark. Code Ann. §§ 23-42-205 and 23-42-308.

14. The conduct of Respondent described herein constitutes willful violations of Ark. Code Ann. § 23-42-301, which states, in part, that it is unlawful for any person to transact business in this state as an agent unless he is registered under this chapter.

15. The conduct of Respondent described herein constitutes willful violations of Ark. Code Ann. § 23-42-501, which states it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under this chapter; (2) the security or transaction is exempted under Ark. Code Ann. § 23-42-503 or § 23-42-504; or (3) it is a covered security.

16. The conduct of Respondent described herein constitutes violations of Ark. Code Ann. § 23-42-308(a)(2)(G).

17. Ark. Code Ann. § 23-42-308(h) allows for an informal disposition of a proceeding or allegations by settlement or consent.

18. The Commissioner finds the following relief appropriate and in the public interest.

IV. ORDER

On the basis of the Statement of Facts, Conclusions of Law, and Respondent's consent to the entry of this Order, IT IS HEREBY ORDERED:

1. This Order concludes the investigation by the Department and any other action that the Department could commence under applicable Arkansas law on behalf of the State of Arkansas relating to the actions of the Respondent in unlawfully offering and selling securities in this state and unlawfully using the proceeds of those sales.

2. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the state of Arkansas without regard to any choice of law principles.

3. Respondent will not reapply for registration as a broker-dealer agent, agent of an issuer, or investment adviser representative in Arkansas.

4. In lieu of a fine or other recovery, Respondent will repay \$10,000 to AR1 and \$16,500 to AR2. Respondent has indicated his inability to pay these sums immediately, and has requested the ability to pay these amounts over a two year period. Accordingly, the following repayment provisions are hereby ordered:

(a) Within ten days of the entry of this Order, Respondent will pay AR1 and AR2 \$1,000 each. Respondent shall pay the remainder owed to AR1, \$9,000, and AR2, \$15,500, through equal monthly installments of principal and interest at the rate of six percent per annum in accordance with the promissory note provisions set forth in Paragraph 4(b) below and attached to this Consent Order as Exhibits A and B. Notwithstanding the ability of AR1 and AR2 to maintain suit on the promissory notes, any failure by Respondent to make payment of principal and interest when due shall be considered a violation of this Consent Order authorizing the Arkansas Securities Commissioner to seek enforcement of this Consent Order or any other


remedy before any competent administrative body and/or court of law, including but not limited to the Pulaski County Circuit Court.

(b) Within ten days of the entry of this Order, Respondent will execute separate promissory notes in favor of AR1 for \$9,000 and AR2 for \$15,500, in a form that is attached to this Order as Exhibits A and B.

5. Respondent enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Department or any member, officer, employee, agent, or representative of the Department to induce Respondent to enter into this Order.

DATED this 11th day of April, 2011.

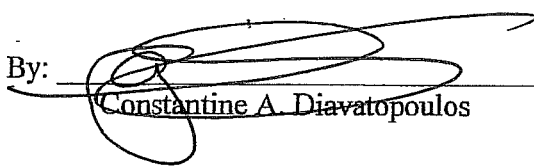
BY ORDER OF THE ARKANSAS SECURITIES COMMISSIONER


A. Heath Abshure, Commissioner

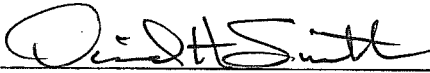
CONSENT TO ENTRY OF ORDER

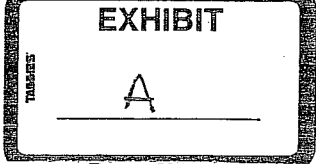
Constantine A. Diavatopoulos hereby acknowledges that he has been served with a copy of this Order, has read the foregoing, is aware of his right to a hearing and appeal in this matter, and has waived the same.

DATED this 1st day of April, 2011.

By: 
Constantine A. Diavatopoulos

Submitted on behalf of the Staff of the Arkansas Securities Department this 11th day of April, 2011.

By: 
David H. Smith, Chief Counsel



PROMISSORY NOTE

Principal: \$10,000.00

Initial Rate: 6.000%

Date of Note: April 1, 2011

MAKER: Constantine A. Diavatopoulos
3032 East Pinto Valley Road
Queen Creek, AZ 85143
(602) 381-8588

HOLDER: [REDACTED]
[REDACTED]
Lowell, AR 72745
[REDACTED]

Promise to Pay: On this date, in return for valuable consideration received, the undersigned maker, Constantine A. Diavatopoulos (herein "Maker"), promises to pay the holder, [REDACTED] (herein "Holder"), in lawful money of the United States of America, the principal amount of ten thousand and 00/100 Dollars (\$10,000.00), pursuant to valuable consideration received and pursuant to Arkansas Securities Department Order No. S-09-041-11-OR02, entered on April 1, 2011.

Terms of Repayment: An initial payment of one thousand and 00/100 Dollars (\$1,000.00) shall be made to Holder by April 10, 2011. Beginning on June 1, 2011, and continuing until the principal balance of this Note has been repaid in full, on the first (1st) day of each month, Maker shall pay equal monthly installments of principal and interest at the rate of six (6%) percent per annum to Holder, totaling \$398.89 per month. The principal balance of this Note shall be repaid in full no later than May 1, 2013.

Prepayment: This Note may be prepaid in whole or in part at any time without premium or penalty.

Place of Payment: All payments due under this Note shall be made at the residence of Holder, [REDACTED] Lowell, Arkansas 72745, or at such other place as Holder may designate.

Default: In the event of default, Maker agrees to pay all costs and expenses incurred by Holder, including all reasonable attorney fees (including both hourly and contingent attorney fees as permitted by law) for the collection of this Note upon default.

Acceleration of Debt: In the event that Maker fails to make any payment due under the terms of this Note, the entire balance of this Note shall be immediately due and payable to Holder.

Waiver: The waiver by Holder of Maker's prompt and complete performance of, or default under, any provision of this Note shall not operate nor be construed as a waiver of any subsequent breach or default and the failure by Holder to exercise any right or remedy which he may possess hereunder shall not operate nor be construed as a bar to the exercise of any such right or remedy upon the occurrence of any subsequent breach or default.

Entire Agreement: This Note constitutes the entire agreement between Maker and Holder with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and arrangements, both oral and written, between Maker and Holder with respect to such subject matter. This Note may not be modified, amended, altered, or changed unless by a written instrument executed by both Maker and Holder.

Binding Effect: This Note shall be binding upon and inure to the benefit of Maker and Holder and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Maker and Holder hereunder can be assigned unless by a written instrument executed by both Maker and Holder.

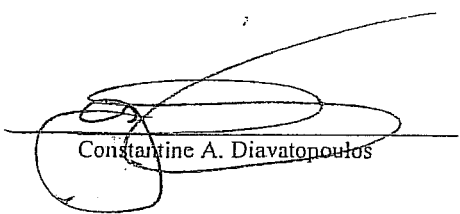
Severability of Provisions: In the event that any portion of this Note is deemed unenforceable, all other provisions of this Note shall remain in full force and effect.

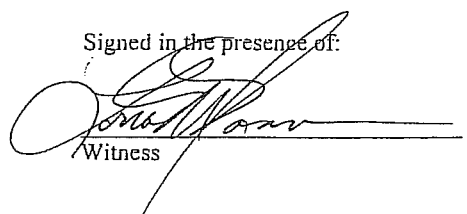
Choice of Law: This Note shall be governed by, and shall be construed and interpreted in accordance, with the laws of the United States of America and the State of Arkansas, without giving effect to the principles of conflicts of laws thereof.

Choice of Venue: If there is a lawsuit, Maker agrees to submit to the jurisdiction of the courts of Pulaski County, State of Arkansas, or other competent court of law in the State of Arkansas as the Holder may request.

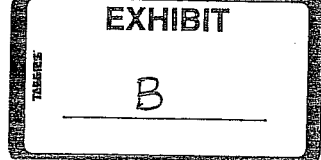
Arkansas Securities Department: Notwithstanding the ability of Holder to maintain suit on the Note, any failure by Maker to make payment of principal and interest when due shall be considered a violation of Arkansas Securities Department Order No. S-09-041-11-OR02, authorizing the Arkansas Securities Commissioner to seek enforcement of the Order or any other remedy before any competent administrative body or court of law, including, but not limited to, the Pulaski County Circuit Court, Pulaski County, State of Arkansas.

IN WITNESS WHEREOF, Constantine A Diavatopoulos, Maker, has executed and delivered this Note on April 1, 2011.


Constantine A. Diavatopoulos

Signed in the presence of:

Witness

PROMISSORY NOTE



Principal: \$16,500.00

Initial Rate: 6.000%

Date of Note: April 1, 2011

MAKER: Constantine A. Diavatopoulos
3032 East Pinto Valley Road
Queen Creek, AZ 85143
(602) 381-8588

HOLDER: [Redacted]
[Redacted]
Prairie Grove, AR [Redacted]

Promise to Pay: On this date, in return for valuable consideration received, the undersigned maker, Constantine A. Diavatopoulos (herein "Maker"), promises to pay the holder, [Redacted] (herein "Holder"), in lawful money of the United States of America, the principal amount of sixteen thousand five hundred and 00/100 Dollars (\$16,500.00), pursuant to valuable consideration received and pursuant to Arkansas Securities Department Order No. S-09-041-11-OR02, entered on April 1, 2011.

Terms of Repayment: An initial payment of one thousand and 00/100 Dollars (\$1,000.00) shall be made to Holder by April 10, 2011. Beginning on June 1, 2011, and continuing until the principal balance of this Note has been repaid in full, on the first (1st) day of each month, Maker shall pay equal monthly installments of principal and interest at the rate of six (6%) percent per annum to Holder, totaling \$686.97 per month. The principal balance of this Note shall be repaid in full no later than May 1, 2013.

Prepayment: This Note may be prepaid in whole or in part at any time without premium or penalty.

Place of Payment: All payments due under this Note shall be made at the residence of Holder, [Redacted] Prairie Grove, Arkansas [Redacted], or at such other place as Holder may designate.

Default: In the event of default, Maker agrees to pay all costs and expenses incurred by Holder, including all reasonable attorney fees (including both hourly and contingent attorney fees as permitted by law) for the collection of this Note upon default.

Acceleration of Debt: In the event that Maker fails to make any payment due under the terms of this Note, the entire balance of this Note shall be immediately due and payable to Holder.

Waiver: The waiver by Holder of Maker's prompt and complete performance of, or default under, any provision of this Note shall not operate nor be construed as a waiver of any subsequent breach or default and the failure by Holder to exercise any right or remedy which he may possess hereunder shall not operate nor be construed as a bar to the exercise of any such right or remedy upon the occurrence of any subsequent breach or default.

Entire Agreement: This Note constitutes the entire agreement between Maker and Holder with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and arrangements, both oral and written, between Maker and Holder with respect to such subject matter. This Note may not be modified, amended, altered, or changed unless by a written instrument executed by both Maker and Holder.

Binding Effect: This Note shall be binding upon and inure to the benefit of Maker and Holder and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Maker and Holder hereunder can be assigned unless by a written instrument executed by both Maker and Holder.

Severability of Provisions: In the event that any portion of this Note is deemed unenforceable, all other provisions of this Note shall remain in full force and effect.

Choice of Law: This Note shall be governed by, and shall be construed and interpreted in accordance, with the laws of the United States of America and the State of Arkansas, without giving effect to the principles of conflicts of laws thereof.

Choice of Venue: If there is a lawsuit, Maker agrees to submit to the jurisdiction of the courts of Pulaski County, State of Arkansas, or other competent court of law in the State of Arkansas as the Holder may request.

Arkansas Securities Department: Notwithstanding the ability of Holder to maintain suit on the Note, any failure by Maker to make payment of principal and interest when due shall be considered a violation of Arkansas Securities Department Order No. S-09-041-11-OR02, authorizing the Arkansas Securities Commissioner to seek enforcement of the Order or any other remedy before any competent administrative body or court of law, including, but not limited to, the Pulaski County Circuit Court, Pulaski County, State of Arkansas.

IN WITNESS WHEREOF, Constantine A Diavatopoulos, Maker, has executed and delivered this Note on April 1, 2011.

[Signature]
Constantine A. Diavatopoulos

Signed in the presence of:
[Signature]
Witness