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BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-13-0142
ORDER NO. S-13-0142-14-OR01

ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

EL HADJI SAM GUEYE

RESPONDENT

CEASE AND DESIST ORDER

On January 16, 2014, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for Cease and Desist Order (“Request”). In its Request, the Staff states that it has certain information and evidence indicating that El Hadji Sam Gueye has violated provisions of the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request and based upon the representations made therein finds as follows:

FINDINGS OF FACT

The Request contains the following representations of fact:

1. El Hadji Sam Gueye (“Gueye”), CRD No. 4175877, is a New York resident who has been employed as a broker-dealer agent with Meyers Associates, L.P. (“Meyers”), CRD No. 34171, a broker-dealer registered with the Arkansas Securities Department (“Department”), from April 9, 2012, to present. Gueye has not been registered with the Department in any capacity during the time of his employment with Meyers.

2. On November 4, 2013, Gueye contacted an Arkansas resident (“AR1”) on a cold call recommending the purchase of stock in Freeport-McMoRan Copper and Gold Inc. (“Freeport”). Gueye was not aware at the time of the call that AR1 was employed as a Senior Securities Examiner with the Department and that he had contacted AR1 on a Department phone during business hours.

3. Freeport is a company specializing in the production of copper and gold. Freeport stock was trading at \$37.15 per share on the date of Gueye's call to AR1. During the cold call, Gueye represented to AR1 that he had inside information showing that insiders at Freeport were investing large sums of money into the company. Specifically, Gueye stated that a co-chairman had recently invested fifty-five million dollars of his own funds into Freeport by buying shares of company stock on the open market. Gueye asserted that this would cause a dramatic spike in Freeport's stock price "overnight." When concluding his stock pitch to AR1, Gueye propositioned his prospective client by stating "you give me three to six months. If I don't show you no less [*sic*] than 25% (return on investment) in six months, you close your account."

4. During his pitch to AR1, Gueye did not disclose the risks associated with purchasing the Freeport stock nor did he make any qualifications regarding an increase in the company's stock price. Although Gueye asked AR1 a few income-related questions at the end of their conversation, he failed to conduct a proper suitability analysis with AR1 prior to recommending the Freeport stock. Furthermore, Gueye expressed his intent to inflate the financial information that AR1 would provide in response to his few income-related inquiries. When inquiring into AR1's net worth, Gueye asked AR1 to provide a net worth figure for the new account application "to the closest million."

CONCLUSIONS OF LAW

5. Ark. Code Ann. § 23-42-301(a) provides that it is unlawful for any person to transact business in Arkansas as a broker-dealer agent without first being registered as such pursuant to the Act.

6. Ark. Code Ann. § 23-42-507(2) makes it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, 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.

7. Gueye cold called AR1 and recommended the purchase of Freeport stock. Gueye was not registered with the Department as an agent of Meyers at the time of the call and, therefore, acted as an unregistered agent in violation of Ark. Code Ann. § 23-42-301(a).

8. Gueye made misrepresentations to AR1 regarding the impact of possible insider investment in Freeport and represented without qualification that Freeport's stock price would rise dramatically in the next six months. He also failed to conduct a suitability analysis prior to recommending the stock and expressed his intent to inflate AR1's net worth on a company account form to make the recommendation appear suitable. Accordingly, Gueye violated Ark. Code Ann. § 23-42-507(2) by committing securities fraud in the offer or sale of a security.

ORDER

9. Gueye shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301(a), and refrain from acting as a broker-dealer agent until such time as he is properly registered with the Department or shown to be exempt from registration under the Act.


10. Gueye shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-507(2), and refrain from committing fraud or deceit in connection with the offer or sale of any securities in Arkansas.

11. A hearing on this Cease and Desist Order shall be held if requested by Gueye in writing within thirty days of the entry of this Order or if otherwise ordered by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2)(A). Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

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

Dated this 21st day of January, 2014.


A. Heath Abshire
Arkansas Securities Commissioner