

RECEIVED

NOV 25 AM 9:59
BEFORE THE ARKANSAS SECURITIES COMMISSIONER
ARKANSAS SECURITIES DEPT. Case No. S-12-0010
Order No. S-12-0010-12-OR03

**IN THE MATTER OF
IVOL R. GREEN, ENTERPRISE WORLD TRUST, LLC,
GATEKEEPER INVESTMENT GROUP, LLC,
JAMES W. STRICKHAUSEN, DAVID E. EVANS and LAMECH KAMUZA**

Cease and Desist Order

On September 30, 2014, the staff of the Arkansas Securities Department (Staff) filed its Request for a Second Cease and Desist Order stating that it has information and certain evidence that indicates Ivool R. Green and Enterprise World Trust, LLC, (EWT), Gatekeeper Investment Group, LLC, (Gatekeeper), James W. Strickhausen, David E. Evans and Lamech Kamuza have violated provisions of the Arkansas Securities Act (Act), Ark. Code Ann. §§ 23-42-101 – 509. On November 13, 2014, the Staff filed an Amended Request for Second Cease and Desist Order (collectively with the Request for a Second Cease and Desist Order, the “Request”).

In the Request, the Staff seeks a cease and desist order to be entered against the Respondents and that a fine be levied against the Respondents. The Arkansas Securities Commissioner (Commissioner) has reviewed the Request, and based upon representations made therein, finds that:

Findings of Fact

1. The Request asserts the following representations of fact:
 - a. Green is a resident of Mabelvale, Arkansas. Green is not and has never been registered pursuant to the Act as an agent of the issuer or in any other capacity.
 - b. EWT is a limited liability company formed in Delaware on October 2, 2008. Green

represents himself to be Chief Executive Manager of EWT.

- c. Gatekeeper is an Arizona limited liability company formed on October 29, 2009.

Gatekeeper has never been registered as a broker-dealer or in any other capacity under the Act.

- d. Strickhausen is a resident of Fairhope, Alabama. During the times discussed in the Request, Strickhausen lived also in Arizona and Tennessee. Strickhausen has acted as a co-managing member of Gatekeeper. Strickhausen has never been registered as an agent of a broker-dealer or in any other capacity under the Act.

- e. Evans is a resident of Arizona. Evans was the first managing member of Gatekeeper and has served as Gatekeeper's statutory agent since its formation. Evans has never been registered as an agent of a broker-dealer or in any other capacity under the Act.

- f. Kamuza is a resident of Toronto, Ontario, Canada. He has never been registered as an agent of the issuer or in any other capacity under the Act.

- g. TR, a resident of Tennessee and the grandfather of a special needs child, wanted to build and operate an extensive educational and vocational facility for children with special needs. TR's plan was to fund several commercial projects for \$85 million, which would eventually lead to profits of over \$1 billion, which would be enough to achieve his vision of an educational and vocational facility for special needs children costing over \$500 million.

- h. Green was introduced to TR as someone who could provide funding for humanitarian projects. Green told TR that he would take an investment from TR and employ or retain a trader who would use the money on a trading platform to increase the value of the investment to the extent that he could fund large projects and not require the funding to

be paid back. Green never explained exactly what a trader was or what the trading platform was. No details were divulged because, as Green explained it, the whole thing was confidential or secret. Green told TR that by using the services of a trader on this trading platform, Green could generate \$85 million from an investment of \$100,000 in sixty days. TR invested \$100,000 with EWT.

- i. On October 24, 2008, TR signed a document entitled Funding Agreement as the Project Owner, and Green signed it as the Manager of EWT. It promised \$85 million of funding for TR's company. There were many terms to this agreement, but the provision that Green stressed and TR relied upon was ¶7, entitled "Forgiveable [*sic*] Funding," which read as follows:

For each phase of the program, an Audit Will be conducted by the financial Disbursement agent, approved by EWT; Verifying implementation according to the Approved Business Plan. Based upon the success of that analysis, upon the Completion of the project, the total amount Of funding will be forgiven. Project owner will owe (0). [Capitalization in original.]

- j. After signing the Funding Agreement on October 24, 2008, TR transferred \$100,000 to EWT by wire on October 27, 2008. Shortly after the investment, Green gave TR a signed statement promising to refund the entire \$100,000 if "no progress has been made to fund" TR's project "at the end of 60 days."
- k. The \$100,000 TR invested was not transferred to a trader to use on any trading platform. Instead, all of the \$100,000 was used for Green's personal expenses, including payments to others working with Green. TR has received no returns on his investment.
- l. GR is a resident of Georgia. He and Strickhausen attended the same college, graduating in the mid-1970s. In April 2010, GR and his wife were looking for an investment when

they saw an investment touted on Strickhausen's Facebook page. GR and his wife called Strickhausen. Strickhausen explained that he and David Evans, then a resident of Arizona, formed Gatekeeper, which acted as a broker of the investment he advertised on his Facebook page. Strickhausen told GR of a program that was supposed to help people who were engaged in humanitarian projects. Evans explained the program to GR and his wife by telephone. He stated that there would be nightly trades of great amounts on an international bank market in which most people could not be involved. Evans explained that one would normally have to have \$1 million to trade on this market, but Green had figured out how to let ten people with \$100,000 each trade on this market. Strickhausen said that each of these trades could result in a very, very large increase over one night. By email Strickhausen told GR he had been involved in this business for nine years. Forty-five days was enough time to repay an investment of \$125,000 and realize a return of 40%. By another email Strickhausen sent GR the EWT website and stated, "These people do our funding. I have known them for a number of years. They are fine Christians with a heart to help people."

- m. Several days later, Strickhausen emailed GR a document entitled "Letter of Intent" which was a contract between GR and Strickhausen's organization, Gatekeeper. This contract specified what GR would have to do in order to enter into the "Private Bond Program provided by Ivor R. Green, Chief Executive Manager, Enterprise World Trust, LLC." By signing this contract, GR agreed to and did wire \$25,000 to Gatekeeper and agreed to wire EWT \$100,000 upon the receipt by GR of a Letter of Acceptance. Several days later, Strickhausen emailed GR a list of documents that would need to be completed in order to participate in the Private Bond Program.

- n. GR received a Letter of Acceptance attached to an email from Green dated April 20, 2010, informing GR that his company, GR-LLC (which had not yet been formed), had been “accepted into the Private Corporate Bond Issue Program.” On April 22, 2010, GR wired \$100,000 to Green’s bank account in Little Rock.
- o. In addition to several documents listed in the Letter of Acceptance that had already been submitted, Green listed several other documents that were needed. At the direction of Green, GR formed a limited liability company, GR-LLC, on April 28, 2010, and assembled a bond issue of \$1 billion paying 7.5% interest with a term of one year consisting of a single bond. The documents for this bond issue were produced by Green and sent to GR. GR and his wife signed the bond certificate, an advisory bond prospectus and a document entitled “Private Corporate Bond Terms & Conditions” as directors of GR-LLC.
- p. By email dated June 4, 2010, Green sent GR two documents for his signature. First, was a power of attorney given by GR to Green over the bond issued by GR-LLC. Green was “authorized and empowered to conduct any transaction as he deems necessary and by whatever manner he considers most appropriate.” The second document was a joint venture agreement (JVA) between EWT and GR-LLC. The JVA states that Green, identified as EWT’s Executive, “has obtained expertise in the International monetary arena” and that EWT “has the ability through its association with various individuals with expertise and affiliations with various financial entities, to gain entry into financial transactions, hereinafter referred to as the ‘Program,’ resulting in monetary benefits” to the parties to the JVA. Among EWT’s duties set out in the JVA was the duty to “seek entry into a ‘Program’ with the ‘Assets’ [GR-LLC bond] that functions with the highest

degrees of financial aptitude and earnings in an environment of prudent arbitrage endeavors.” All earnings from the “Program” were to be split evenly, 50% each to EWT and GR-LLC.

- q. GR’s investment with EWT was referred to in the Letter of Intent as a Private Bond Program and in the Letter of Acceptance as a Private Corporate Bond Issue Program. As fleshed out in the Power of Attorney given to Green and the JVA, this was envisioned as a business relationship whereby GR formed GR-LLC and issued the \$1 billion bond. Using that bond, Green, as EWT Executive and through his “expertise in the International monetary arena,” would enter into any financial transactions Green deemed advisable that would result in monetary benefits to GR, the profits from this trading being split between EWT and GR evenly. These transactions were referred to in the JVA as “prudent arbitrage endeavors.”
- r. None of the \$100,000 GR invested with EWT was used for anything described above, but was instead used for Green’s personal expenses, including payments to Strickhausen, Gatekeeper and others working with Green. To date, GR has received no returns on his investment in any amount.
- s. FR is a resident of Florida who had immigrated from Jamaica. He was looking for funding for a telecommunications business that would be based in southern Florida and would provide full service land line and cellular telephone service to the general public, while focusing on immigrants from the Caribbean region living in southern Florida, when he was introduced to Green by Kamuza. FR spoke with Green several times on the telephone, one time with FR’s accountant taking part. Green and FR also had email communications before FR invested. Green told FR that EWT could fund what he called

humanitarian projects. The word, humanitarian, as Green used it, had a broad definition that included any business venture that might create jobs. Because FR wanted to create a telecommunications company that would create jobs in southern Florida and help Caribbean immigrants, Green told him he could fund the project. FR asked how the funds were generated, but Green did not explain. The most information Green gave FR on that subject was that money was obtained from Hong Kong and London.

- t. FR signed a contract entitled “Funding Agreement” (FR Agreement) with EWT on November 15, 2011. Green signed it as the Chief Executive Manager of EWT on November 16, 2011. FR agreed to wire transfer \$150,000 to EWT in return for \$10 million of funds. The FR Agreement had several significant provisions:
 - i. \$1 million would be disbursed to FR “within 30-45 days after \$150,000 Investment Funds are leveraged into Enterprise World Trust, LLC Asset and leveraging is complete.” This \$1 million was referred to as “Non Recourse Funding,” which did not have to be repaid as long as the funds were used according to an executive summary.
 - ii. A second \$1 million would be “set aside to leverage into an additional \$8,000,000 . . . totaling \$9,000,000, which will be loaned to [FR’s business] @ 5% Interest for 10 years with payments starting in Year 2.”
 - iii. The \$150,000 to be invested by FR, referred to as an “Investment Fee,” was “secured” by a “\$2,500,000 Senior Life Settlement Policy Collateral and Safe Keeping Receipt in the name of [FR’s business].” This life insurance policy was stated to have been “In Force and in Good Standing” and the “Annual Premium is paid up.” If there is no funding, FR would be allowed to make himself the beneficiary

and retain the policy as an “Investment Asset,” but if funding was made, FR was to return the policy to EWT.

- u. The Senior Life Settlement Policy that was to secure FR’s investment was an existent life insurance policy, but it did not belong to EWT.
- v. In accordance with the FR Agreement, FR wired \$149,000 to EWT. Even though this was \$1,000 less than was specified in the FR Agreement, EWT accepted it. None of FR’s funds invested with EWT was used for anything described above, but was instead used for Green’s personal expenses, including a payment to Kamuza of \$4,000 and to others working with Green. FR has received no return on his investment.
- w. MR is a resident of Massachusetts who sought to build several educational facilities in Massachusetts. In seeking funding for these facilities, MR was introduced to EWT as an organization that assisted in the development and funding of humanitarian projects and to Green as EWT’s managing member.
- x. MR sought a total of \$180 million for these facilities. Green told MR that he could procure that amount of funding, but did not explain exactly how such funding would be procured. Green said only that he had access to bank guarantees that would create capital for humanitarian projects.
- y. MR signed a contract entitled “Humanitarian Funding Agreement” (MR Agreement) with EWT on November 21, 2011. Green signed it as the Chief Executive Manager of EWT on November 21, 2011. MR agreed to wire transfer \$150,000 to EWT in return for \$180 million of funds. The MR Agreement had several significant provisions:
 - i. EWT “transmits fully documented file of Collateral Senior Life Settlement Policy with full Safe Keeping Receipt.” The \$180 million in funding was to be secured by

this Life Settlement, which was a life insurance policy with a face value of \$5 million.

- ii. Upon receipt of MR's \$150,000, EWT "begins Asset Leveraging Process to generate Agreed Funds of **\$180,000,000.00 (One Hundred Eighty Million USD)** to be disbursed after Asset Leveraging is complete; Funds will be disbursed in approved Draw Schedule beginning 30-45 days after Asset Leveraging Completion." [Boldface in original.]
- iii. Upon the first draw of funds, which will be in an amount exceeding \$150,000, MR is to "relinquish and return Collateral Senior Life Settlement Policy" to EWT.
- iv. The entire \$180 million was to be completely disbursed within one year.
- z. The Senior Life Settlement Policy that was to secure MR's investment was an existent life insurance policy, but it did not belong to EWT.
- aa. In accordance with the MR Agreement, MR wired a total of \$150,000 to EWT. None of MR's investment with Green or EWT was used for anything described above, but was instead used for Green's personal expenses, including payments to others working with Green. To date, MR has received no return on his investment.
- bb. A search of the records of the Arkansas Securities Department (Department) shows no registration or exemption from registration of any investment issued by EWT. Further, the records of the Department do not reveal a notice filing pursuant to Ark. Code Ann. § 23-42-509, which is necessary for covered securities under federal law, for any security issued by EWT.

Conclusions of Law

2. The investors identified as TR, GR, FR and MR all purchased securities issued by EWT. All these investments are securities defined by the Act as investment contracts. Ark. Code Ann. § 23-42-102(17)(A)(xi) . The investors were investing funds in a venture with EWT which involved Green's claimed expertise and skill at trading, leveraging or arbitrage, which in this context would be trading securities on borrowed funds, a risky strategy that multiplies gains and losses. Thus, by engaging in this venture, Green, acting for EWT, was to take the investments made by each investor and increase it through his efforts as follows:
 - a. TR's \$100,000 would be increased to \$85 million by Green's use of a trader making trades with the money on a trading platform within 60 days.
 - b. GR's \$125,000 could be repaid and a 40% return made within 45 days by Green's use of his expertise and connections in the "International monetary arena" to engage in "prudent arbitrage endeavors," the profits to be split evenly between EWT and GR.
 - c. FR's \$149,000 would be leveraged into \$2 million within 30 to 45 days, the first million dollars being given to FR and the second million dollars being further leveraged to raise another \$8 million, the resultant \$9 million being lent to FR over a 10 year period at 5% per annum.
 - d. MR's \$150,000 would be increased by leveraging to \$180 million within one year of investment.
3. Because none of these securities were registered in accordance with the Act, their offer and sale were violations of Ark. Code Ann. § 23-42-501.
4. Gatekeeper represented EWT in the sale of the securities issued by EWT to GR and effected

transactions in securities for the account of others for a commission of \$25,000, paid by GR. Gatekeeper was acting as a broker-dealer as defined in Ark. Code Ann. § 23-42-102(3)(A). Gatekeeper has never been registered as a broker-dealer. Its actions as an unregistered broker-dealer violate Ark. Code Ann. § 23-42-301(a).

5. Strickhausen and Evans, as agents of Gatekeeper, represented EWT in the sale of the securities issued by EWT to GR, and thereby effected transactions in securities for the account of another, for which Gatekeeper was paid \$25,000.
 - a. Strickhausen has never been registered under the Act as an agent of a broker-dealer or an issuer. His acting as an agent of Gatekeeper, a broker-dealer, in GR's investment with EWT was a violation of Ark. Code Ann. § 23-42-301(a).
 - b. Evans has never been registered pursuant to the Act as an agent of a broker-dealer or an issuer. His acting as an agent of Gatekeeper, a broker-dealer, in GR's investment with EWT was a violation of Ark. Code Ann. § 23-42-301(a).
6. Kamuza represented EWT, the issuer of the security purchased by FR, and EWT paid Kamuza \$4,000 for that representation. Kamuza has never been registered under the Act as an agent of a broker-dealer or an issuer. His acting as an agent of the issuer in FR's investment with EWT was a violation of Ark. Code Ann. § 23-42-301(a).
7. Green, acting for EWT, employed Kamuza to act as an agent of the issuer of the security purchased by FR, for which EWT paid Kamuza a \$4,000 commission. Kamuza has never been registered under the act as an agent of a broker-dealer or issuer. EWT's employment of Kamuza, an unregistered individual, to act as an agent of EWT was a violation of Ark. Code Ann. § 23-42-301(b)(1) which makes the employment of unregistered agents unlawful.
8. Green told TR that TR's \$100,000 investment would be utilized by a trader employed or

retained by EWT in an undisclosed market to generate a return of \$85 million within 60 days of investment. In reality Green diverted the \$100,000 to his own use. This was a misstatement of material fact and the omission of a material fact necessary to make the statement of the expected return of \$85 million within 60 days not misleading in violation of Ark. Code Ann. § 23-42-507(2).

9. Green's and EWT's statements, some made through Strickhausen, that GR's investment would be traded in such a way on the "International monetary arena" to result in a repayment of GR's initial investment and a return of 40% in 45 days, were also fraudulent. Green diverted the \$100,000 transferred to EWT to his own use. This was a misstatement of material fact and the omission of material fact necessary to make the statement of the expected return within 45 days not misleading in of violation of Ark. Code Ann. § 23-42-507(2).
10. The statement in the FR Agreement that Green would leverage FR's \$149,000 into \$2 million in a short period of time, \$1 million of which would be disbursed to FR within 30 to 45 days and the second \$1 million of which would then be leveraged into another \$8 million within a year, resulting in a long-term, 10 year loan of \$9 million repayable at 5% per annum, was also fraudulent. Green diverted the \$149,000 transferred to EWT for his own use. This was a misstatement of a material fact and the omission of a material fact necessary to make the statement of the expected return within 30 to 45 days not misleading in violation of Ark. Code Ann. § 23-42-507(2).
11. The FR Agreement stated that a Senior Life Settlement Policy, which was a life insurance policy worth \$2.5 million, secured FR's investment. If there was no funding of FR's project, FR could make himself the beneficiary of the policy and retain the policy. If funding was

provided, however, FR was to return the policy to EWT. Because this policy did not belong to EWT, this was a material misstatement of fact, a violation of Ark. Code Ann. § 23-42-507(2).

12. The statement in the MR Agreement that Green would leverage MR's \$150,000 into \$180 million in a short period of time, 30 to 45 days, when in reality Green diverted the \$150,000 transferred to EWT to his own use, was a misstatement of material fact and the omission of a material fact necessary to make the statement of the expected return within 30 to 45 days not misleading in violation of Ark. Code Ann. § 23-42-507(2).

13. In the MR Agreement it was stated that the \$180 million return on MR's investment was secured by a \$5 million Collateral Senior Live Settlement Policy, which was a life insurance policy. Upon MR's receipt of \$150,000 in returns on his investment, MR was to return the policy to EWT. Because this policy did not belong to EWT, this was a material misstatement of fact, a violation of Ark. Code Ann. § 23-42-507(2).

14. Even though all the investors noted above are residents of other states, the offers and sales of securities set out herein are properly before the Commissioner pursuant to the Act because the offers of the securities all originated from Arkansas, which makes those offers made within Arkansas for purposes of jurisdiction. Ark. Code Ann. § 23-42-103(a)(3)(A).

Order

15. All Respondents are hereby ordered to cease and desist from selling unregistered, non-exempt, non-covered securities in violation of Ark. Code Ann. § 23-42-501.

16. Gatekeeper is hereby ordered to cease and desist from acting as an unregistered broker-dealer in violation of Ark. Code Ann. 23-42-301(a).

17. Strickhausen and Evans are hereby ordered to cease and desist from acting as unregistered

agents of a broker-dealer in violation of Ark. Code Ann § 23-42-301(a).

18. Kamuza is hereby ordered to cease and desist from acting as an unregistered agent of an issuer in violation of Ark. Code Ann. § 23-42-301(a).
19. EWT and Green are hereby ordered to cease and desist from employing unregistered agents in violation of Ark. Code Ann. § 23-42-301(b).
20. EWT and Green are hereby ordered to cease and desist from further acts of securities fraud in violation of Ark. Code Ann. § 23-42-507.
21. Pursuant to Ark. Code Ann. § 23-42-209(a)(2)(C)(ii)(a), the Staff's request to fine Ivol R. Green is \$10,000 for each of the violations set out in this order can be taken up only upon notice and opportunity for a hearing on the matters of fact and law asserted in the Staff's Request. This hearing will be governed by the Act and the Arkansas Administrative Procedures Act, Ark. Code Ann. §§ 25-15-201 through 25-15-218. The matters of fact and law asserted against Respondent are detailed in the Request.
22. Accordingly, a hearing on the matters set forth in the Staff's Request shall take place on **Tuesday, January 27, 2015, at 9:00 a.m. central time**, at the following location.

Arkansas Securities Department
4th Floor Hearing Room
201 East Markham Street
Little Rock, AR 72201
23. All requests or submissions in connection with the hearing, including any request to modify the date or time of the hearing; to participate telephonically rather than personal appearance; or to waive the right to a hearing, shall be submitted in writing to the Commissioner at the following address:

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

24. At the hearing, the Staff shall present evidence supporting its Request and the request for fines. Respondents and their attorneys will be given an opportunity to respond and present evidence on all issues presented at the hearing. All witness testimony taken at the hearing will be under oath in the presence of a court reporter.



A. Heath Abshure
Arkansas Securities Commissioner

November 25, 2014
Date