

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

Case No. S-14-0048

Order No. S-14-0048-14-OR02

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ARKANSAS SECURITIES DEPT.

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IN THE MATTER OF  
ENVIRALIZER, INC. and  
WAYNE A. HICKS, SR.

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CEASE AND DESIST ORDER

On June 17, 2014, the staff of the Arkansas Securities Department (Staff) filed its Request for a Cease and Desist Order (Request), and on June 19, 2014, the Staff filed its Amended Request for a Cease and Desist Order (Amended Request), both stating that the Staff has information and certain evidence that indicates Enviralizer, Inc., and Wayne A. Hicks, Sr., have violated provisions of the Arkansas Securities Act (Act) codified at Ark. Code Ann. §§ 23-42-101 – 509. The Arkansas Securities Commissioner (Commissioner) has reviewed the Request and the Amended Request and, based upon representations made therein, finds that:

FINDINGS OF FACT

1. The Amended Request asserts the following representations of fact:
  - a. Enviralizer, Inc. (Enviralizer) purports to be a corporation formed in Delaware on January 25, 2014. Its principal place of business was until recently in an apartment complex located at 115 North Albert Pike, Fort Smith, Arkansas 72903. Its current principal address is P.O. Box 454, Omaha, Arkansas 72662.
  - b. Wayne A. Hicks, Sr., is a resident of Alpena, Arkansas. Hicks is the incorporator and chief executive officer of Enviralizer.
  - c. Enviralizer solicited members on a Facebook Group page for a \$10 sign up bonus or fee.

Acting for Enviralizer, Hicks would create internet advertisements with links for members to post on their social media sites, such things as Facebook pages, Stumbleupon, Twitter and other social media platforms. The member would be paid for each click on the link in each advertisement.

- d. On the Enviralizer website on June 4, 2014, in the “Members Area,” was this link:
- “Become a Stockholder– If you’re interested in becoming a Stockholder, this is where you can arrange to buy Shares/.*[sic]*” After clicking on “Become a Stockholder,” one is taken to another page, where, under a tab labeled, “**Purchase Shares**,” it was stated “You can purchase shares of The Enviralizer right here! Just choose how many you want in the form below!” [Emphasis in original.] Information about Enviralizer was then set out with the disclaimer that “The following constitutes private information regarding the Incorporation of the above-named Company, and is not a prospectus offering securities for sale. It is provided pursuant to your request for such information.” After stating necessary information such as the name of the company, Enviralizer, Inc., it is stated that it was incorporated in Delaware on January 25, 2014 and is a “privately-held C Corporation at this time, pending any future move towards Public Offerings.” Other pertinent information is set out verbatim:
- “5. The Incorporator was Wayne Hicks, formerly a partner and general manager of the Company.”
- “7. The Stock issued by the Company to all Stockholders shall be Common Stock.”
- “8. The Company issued Ten Million (10,000,000) Shares of Common Stock upon Incorporation by Certificate.”

- “9. Approximately Two Million (2,000,000) Shares of stock will be available for purchase as of the Date of Incorporation.”
- “10. Shares may be sold to Private Persons.”
- “11. The par value of the Shares shall be Ten Cents (\$.10 USD) Per Share until such time as it is modified by a vote of all stockholders or by Public Offering.”
- “12. At a vote of the Ad Hoc Board of Directors on Monday, February 10<sup>th</sup>, 2014, a motion to raise apr [par] value to Twenty Cents (\$.20 USD) Per Share was passed to take effect on February 20<sup>th</sup>, 2014.”
- “13. The Company is filing for SEC Registration in order to make its stock available on OTC Exchanges.”

“Stock is basically a piece of paper that says you own a part of the company. Right now we’re what’s called ‘privately held’ which means it’s not on any of the Stock Markets. [T]he only way to buy any is from the company or from another stockholder who is willing to sell some of what they own. As a stockholder, you get a voice in what the company does. We hold periodic Stockholder’s Meetings in the Stockholders’ Group on the website. The other thing it means is that once or twice a year, you would get a portion of the company’s profits. That’s called a dividend, and each share gets a small part, so the more shares you won [*sic*], the bigger the amount you end up with when a dividend is declared.”

**“As of March 17<sup>th</sup>, 2014, by vote of the Stockholders, the current price is \$.50 per share.”** [Emphasis in original.]

- e. In an email sent to existing stockholders of Enviralizer from Hicks on March 18, 2014, Hicks reported on a stockholders meeting conducted online on March 17, 2014. This was the stockholders meeting referred to on the Enviralizer website as set out in the paragraph immediately above. Significant excerpts from this email are as follows:

“In order to register for the OTC Exchanges, a company must have two years of financial statements, which Enviralizer, inc. [*sic*] does not. Therefore, the proper procedure is to use a method called Reverse Merger, in which we would acquire a

corporation which has been [in] existence for more than two years, but has never done any business. This is called a Shell Corporation, because it is merely a legal shell of an actual business.”

“In acquiring a shell company, Enviralizer, inc. [*sic*] would acquire up to 96% of the stock in the new company in exchange for a very small portion of our own stock. This portion would not come from Stockholders, but from the company’s reserve shares, which are actually shares belonging to Wayne which he assigned as reserve shares when the corporation was formed. . . .”

“Once acquired, the shell company’s name would be changed to Enviralizer, inc. [*sic*], and the shares now held by stockholders would be exchanged for an equal percentage of shares of the new company.”

- f. As of this date, Enviralizer stock does not appear on the OTCBB under that name.
- g. The Staff’s investigation has thus far discovered many purchasers of Enviralizer shares who have purchased as early as January 2014 through April. Most of the purchasers are identified initially by email addresses and their true identities and contact information has to be obtained by direct contact. Thus far, the Staff has identified purchasers from Arizona, Georgia, Louisiana, Maryland, North Carolina, Virginia and the island of St. Lucia.
- h. A check of the records of the state securities regulatory agencies of the states in which Enviralizer shares have been sold shows no registration of any stock issued by Enviralizer, no proof of exemption and no notice filing required in the case of a covered security.
- i. The Staff has found no filings pertaining to any securities issued by Enviralizer made with the SEC, including any filings that could be made pursuant to Regulation D.

## CONCLUSIONS OF LAW

- 2. Enviralizer common stock is a security as defined in the Act at Ark. Code Ann. § 23-42-102(17)(A)(ii). The sale of Enviralizer common stock by Respondents, which was not

registered in accordance with the Act, was the sale of unregistered securities in violation of Ark. Code Ann. § 23-42-501.

3. Whenever upon sufficient grounds or evidence satisfactory to the Commissioner it appears to the Commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of the Act or any rule or order issued pursuant to the Act, the Commissioner may summarily order the person to cease and desist from the act or practice. Ark. Code Ann. §23-42-209. The respondents have engaged in conduct that violates the Act. Based upon the seriousness of the violations, the opportunity for future violations, the degree of harm that could be caused to investors resulting from the violations, and the remedial function to be served by the Cease and Desist Order, this Cease and Desist Order is in the public interest and appropriate.
4. The Commissioner is empowered by Ark. Code Ann. § 23-42-205(a) to make any public or private investigations within or outside of Arkansas which he deems necessary to determine whether any person has violated or is about to violate any provision of the Act or any rule or order issued or promulgated under the Act or to aid in the enforcement of the Act. Based on the representations made by the Staff in its pleadings, it is appropriate that the Staff continue its investigation into Enviralizer, Inc., and Wayne A. Hicks, Sr., to determine if other violations of the Act and Rules of the Arkansas Securities Commissioner (Rules) have occurred. This investigation should include the total amount and type of securities offered and sold by or through the agency of any of the Respondents or any associated or affiliated entities or persons as yet unknown, the methods used and representations made in connection with the offer and sale of securities and the disposition of any funds invested.

ORDER

IT IS THEREFORE ORDERED that Enviralizer, Inc., and Wayne A. Hicks, Sr., CEASE AND DESIST from any further actions in the state of Arkansas in connection with offering and selling securities until such time as any securities offered or sold are properly registered, shown to be exempt from registration pursuant to the Arkansas Securities Act or are shown to be covered securities under federal law.

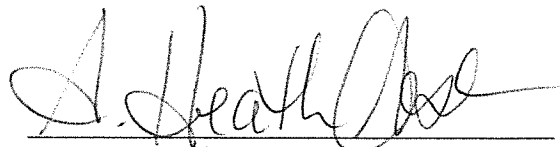
The Staff of the Arkansas Securities Department shall continue its investigation into Enviralizer and Hicks and any other investment vehicles Enviralizer or Hicks might have or might form in order to offer and sell securities to determine what, if any, other violations of the Act or Rules have occurred.

A hearing on this Order shall be held if requested by any Respondent in writing within thirty days of the date of the entry of this Order, or if otherwise ordered by the Arkansas Securities Commissioner. 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

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. Ark. Code Ann. §23-42-209(a)(2)(B).

IT IS SO ORDERED.



A. Heath Abshure  
Arkansas Securities Commissioner

June 19, 2014  
Date