

IN THE CIRCUIT COURT OF CLEBURNE COUNTY, ARKANSAS  
CIVIL DIVISION

A. HEATH ABSHURE,  
ARKANSAS SECURITIES COMMISSIONER

VS.

CASE NO. CIV-2008-\_\_\_\_\_

CHRISTOPHER A. HOGAN;  
CRUNKLAND RECORDS, LTD.; and  
ROLFUND.COM

COMPLAINT

The Plaintiff A. Heath Abshure, Arkansas Securities Commissioner, by and through his attorneys Theodore Holder, Assistant Commissioner, and Shannon Underwood, files this Complaint against Christopher A. Hogan, Crunkland Records, Ltd., and ROLFund.com (collectively, "Defendants") and alleges as follows:

**PARTIES**

1. A. Heath Abshure ("Commissioner") is the Arkansas Securities Commissioner, duly appointed in accordance with Ark. Code Ann. § 23-42-201(a) (Repl. 2000). He is charged with the administration of the Arkansas Securities Act ("Act"), codified at Ark. Code Ann. § 23-42-101 *et seq.* (Repl. 2000).

2. Christopher A. Hogan ("Hogan"), a/k/a "Big Poppa" Hogan, was at all times relevant to this action the president of Crunkland Records, Ltd. ("Crunkland"). Hogan is or was purportedly in the business of offering a "high yield loan program" through ROLFund.com ("ROLFund"). Hogan claims to be the executive producer/host of a television show entitled "The Metal Edge," as well as the president and chief executive officer of Metal Edge Entertainment. According to records maintained by

the Arkansas Secretary of State, Metal Edge Entertainment is not registered to do business in this state. Hogan's last known address is 2322 Lakeview Drive, Heber Springs, Arkansas 72543.

3. Crunkland is a limited liability company formed in July 2005 that purportedly is or was engaged in the business of recording music and producing music videos, television shows, and television commercials. Crunkland maintained a website, [crunkland.com](http://crunkland.com), on which it conducted business. According to records maintained by the Arkansas Secretary of State, Crunkland is registered to do business in this state. Crunkland's business address is 2322 Lakeview Drive, Heber Springs, Arkansas 72543.

4. ROLFund is or was represented to be a "high yield loan program" and a fund established by Hogan for the purported purpose of raising money to purchase a casino in the Dominican Republic. Investors in the fund were told by Hogan that they would receive .50% to 1.5% interest on their investment per day. Hogan conducted much of ROLFund's business at its website, [ROLFund.com](http://ROLFund.com). Upon information and belief, ROLFund's business address is 2020 Highway 25 B North, Heber Springs, Arkansas 72543.

### **JURISDICTION AND VENUE**

5. This is an action brought pursuant to the Act, specifically Ark. Code Ann. § 23-42-209 (Repl. 2000), which permits the Commissioner to seek 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 and the assessment of a fine.

6. This Court has jurisdiction pursuant to Ark. Code Ann. § 23-42-209 (Repl. 2000).

7. Venue is proper because certain acts, transactions, practices and courses of business constituting the violations alleged herein occurred, and certain offers or sales of securities took place,

within Cleburne County. Additionally, at all times relevant to this action, Defendant Hogan resided in Cleburne County.

8. The actions of Defendants constitute violations of several sections of the Act, specifically Ark. Code Ann. § 23-42-501 (Repl. 2000), the sales of unregistered, nonexempt securities, and Ark. Code Ann. § 23-42-507 (Repl. 2000), securities fraud.

### FACTUAL ALLEGATIONS

9. In early 2006, the Staff of the Arkansas Securities Department (“Staff”) discovered information concerning ROLFund, Crunkland and Hogan on the Internet.

10. There were numerous statements made by Hogan on ROLFund.com, including:

- a. “We do not offer securities of any type. We are the newest concept in stable earnings – HYLP-a- a High Yield Loan Program.”
- b. “Your money is loaned to us according to the Duration Plan you have chosen. At the conclusion of your loan duration, you are able to withdraw your original loan amount included in all the interest earned. Receive from .50% to 1.5% Every Business day, with full compounding. \*\*OR 2% PER DAY IN OUR SPECIAL HIGH RETURN PROGRAM.”
- c. “Your loans are used in the thriving and exciting Entertainment industry. Our Current Project is to purchase an Operating Casino/Resort and if the goal cannot be met in the allotted time then all original loans will be returned to you eliminating the Loss factor totally. No funds are ever drawn from the loan amounts of other members to pay other members.”
- d. “Our percentages may not be the highest, but our reputation is the strongest. We are in for the LONG haul.... No 5000% per day promises and then never pay the

loan back, we have realistic and conceivable rates! If you believe that a steady, moderate and honest income fits your future goals, then ROLFund is the perfect arena for You! Sign Today!"

- e. The loan program is illustrated and states that the minimum loan is "\$50 and more" except with the "\*\*\*SPECIAL HIGH RETURN PLAN 180 DAYS\*\*" that specifies the loan amount as "\$500-\$100,000." The percent return ranges from "1.5% per day for 180 days to .50% per day for a 60 day loan."
- f. "ROLFund is a conglomerate of companies centered in the entertainment industry...ROLFund is involved in a variety of businesses.... Once you enroll in our program your funds will be locked in for your chosen plans duration, so set your fund to COMPOUND AT 100% DAILY and at the end of your chosen plans duration you will have a VERY NICE payout awaiting you! ...Its that simple. OH And we actually pay!"
- g. "We are a REAL conglomerate of companies and we are doing REAL BUSINESS unlike the here today and gone tomorrow companies, we have a proven track record of over a year now in our brick and mortar business so this side should take everyone involved to the next level, SO SIGNUP TODAY!"
- h. "All payments are made to your account Daily. (COMPOUNDED)"

11. On the website, Hogan stated that an investment in ROLFund is not a security, but as a private transaction the program is exempt from federal securities laws... "and all other rules, regulations and amendments thereof." He further states, "You understand that you are making a personal loan to our company and that this in no way is to be thought of as a security, stock, bond or any financial instrument of any shape form or fashion, but is in fact a personal LOAN!"

12. In late 2006, the Staff viewed a video available on the Internet that included Hogan, referring to himself as “Big Poppa.” During this video, Hogan showed excerpts from a music video he produced and directed. During this video, Hogan pointed to a sign on his office door that listed Hogan as President and CEO of Crunkland, and stated, among other things, that:

- a. “ROLFund was created solely for the purpose of purchasing a casino in the Dominican Republic.”
- b. “If by chance we don’t reach what we need to get to, to purchase the casino, the worse case scenario that’s going to happen to the ROLFund investor is that they will get their money back, minus a 2% fee to cover bank fees and transfer fees, and they won’t get interest on their investment.”
- c. “You have no fear of losing your money. You have no fear of losing anything.”
- d. “The best case scenario is we purchase the casino, we increase the \$200,000 a week to \$350,000 a week and you guys will make a ton of money, we will make a ton of money, and everybody comes out happy.”

13. Upon information and belief, sometime in late 2005, Hogan caused a posting to be placed on FastMarket.com, an Internet forum on which solicitations for investments were posted. This posting contained the following representations:

- a. Crunkland was a “BRICK and MORTAR Real Business . . . That is Getting Ready to EXPLODE in the next 60 Days.”
- b. Crunkland was a “REAL Record Label.”
- c. Crunkland’s president/CEO had just been made “EXECUTIVE PRODUCER of the TV Show Dirty South Television,” which had major sponsors, including Aflac and Geico and “1.3 million viewers per week.”

- d. Crunkland had been divided into 1,000 equal "Joint Venture Associate positions." ("JVA positions") Of these, Crunkland took 510 and was then offering the remaining 490 JVA positions to the public for \$1,000 each.
- e. Purchasers were promised "an equal % split PER JVA POSITION that you own on the monthly company profits from the 1000 positions."
- f. Hogan stated in the posting that profits would come from the purchase of CDs, concert revenues and merchandise sales, all generated by a small percentage of the 1.3 millions viewers of the television program. Hogan further quantified the income generated just from the sale of CDs as \$3 million and the profit to each JVA position as \$10,000.
- g. A text link on this posting sent potential investors to Crunkland's website, where they could take part in a forum. The posting also gave information on how to invest by sending checks or money orders to Crunkland at a post office box in Heber Springs, Arkansas.

14. In truth and fact, the statements made by Hogan are not true.

- a. ROLFund was not a High Yield Loan program, a fund set up to purchase a casino in the Dominican Republic, or a conglomerate of companies.
- b. Crunkland was not a recording company about to explode in early 2006.
- c. Hogan was not the executive producer of a television show that had 1.3 million viewers that generated millions of dollars of revenue for Crunkland.

15. The investors expected their profits to come solely from the efforts of Hogan. The investors made none of the decisions regarding the operation of ROLFund, or Crunkland Records, Ltd.

and, other than to provide Hogan with their money, were not expected to and did not take any action to receive the promised returns.

16. As a result, each ROLFund “personal loan” offered and sold by Hogan constituted an investment contract and, therefore, was a security pursuant to Ark. Code Ann. § 23-42-102(15) (Supp. 2007).

17. As a result, each JVA position offered and sold by Hogan was an investment contract and, therefore, was a security pursuant to Ark. Code Ann. § 23-42-102(15) (Supp. 2007).

18. No registration statement was filed with the Arkansas Securities Department or was in effect with respect to the securities that Defendants offered and sold. Further, no exemption from registration applied to the offer and sale of these securities.

19. In connection with the offer to sell both the investment contracts sold in the “high yield loan program,” and the investment contracts entitled JVA positions, the Defendants omitted to state the following facts:

- a. The securities offered for sale by Defendants were not registered in Arkansas.
- b. Hogan had a history of criminal convictions, including felony convictions for second degree battery, theft and burglary for which Hogan served time with the Arkansas Department of Corrections.
- c. On October 28, 2003, the Missouri Division of Securities issued a Cease and Desist Order against Hogan for offering and selling unregistered securities in two of his Internet companies, BidCow.com and MooPay.com.
- d. On September 5, 2006, the Arkansas Securities Department issued a Cease and Desist Order against Hogan and Crunkland for offering and selling unregistered securities in Crunkland and ROLFund.

- e. On September 6, 2006, the Missouri Division of Securities issued a Cease and Desist Order against ROLFund, Crunkland, and Hogan for offering and selling unregistered securities in ROLFund and Crunkvest.

20. Despite the Cease and Desist Orders issued against Defendants, Defendants continued to engage in acts and practices constituting violations of the Act, including the offer and sell of nonexempt, unregistered securities. As best the Staff has been able to determine thus far, the Defendants sold over \$200,000 of these investment contracts.

## VIOLATIONS

### **Unregistered Offer and Sale of Securities Violation of Ark. Code Ann. § 23-42-501**

21. The Commissioner re-alleges and incorporates by reference each and every allegation in paragraphs 1-4 and 9-20, above, as if the same were fully set forth herein.

22. Defendants, directly or indirectly, singly or in concert with others, have been offering to sell and selling certain securities.

23. The records maintained by the Arkansas Securities Department contained no registration, proof of exemption filing, or notice filing indicating the status of a “federal covered security” for any of the securities allegedly issued, offered, or sold by Defendants in Arkansas.

24. By reason of the foregoing, Defendants have violated Ark. Code Ann. § 23-42-501 (Repl. 2000) when they offered or sold securities in Arkansas without those securities being: (1) federal covered securities, (2) exempt from registration under Ark. Code Ann. § 23-42-503, or (3) registered under the Act.



**Securities Fraud – Misrepresentations and Material Omissions**  
**Violation of Ark. Code Ann. § 23-42-507**

25. The Commissioner re-alleges and incorporates by reference each and every allegation in paragraphs 1-4 and 9-20, above, as if the same were fully set forth herein.

26. As a result of the conduct alleged herein, Defendants, in connection with the offer, sale, or purchase of securities, directly or indirectly:

- a. Employed a device, scheme, or artifice to defraud;
- b. Made an untrue statement of material fact or omitted a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; and
- c. Engaged in acts, practices, or courses of business which operates or would operate as a fraud or deceit upon any person.

27. By reason of the foregoing, Defendants have violated Ark. Code Ann. § 23-42-507 (Repl. 2000).

**CLAIMS FOR RELIEF**

**Injunctive Relief**

28. Pursuant to Ark. Code Ann. § 23-42-209 (Repl. 2000) and Ark. Code Ann. § 16-106-101(d) (Repl. 2006), the Commissioner may apply to this court for injunctive relief to permanently enjoin any act or practice found to be in violation of the Act and to enforce compliance with the Act and any order issued under the Act, regardless of whether a cease and desist order has been issued.

29. It is clear from the facts set out in paragraphs 1-5 and 10-18 that, unless restrained and enjoined, the Defendants will continue to illegally offer and sell unregistered securities by means of securities fraud.

### **Ancillary Relief**

30. Ark. Code Ann. § 23-42-209(b) (Repl. 2000) and Ark. Code Ann. § 16-106-101(d) (Repl. 2006) provide that the Commissioner may apply to this court for ancillary relief which may be in the public interest, including obtaining an accounting, disgorgement and the assessment of a fine in an amount not more than the amount of money received in connection with a violation of the Act.

### **RELIEF REQUESTED**

**WHEREFORE**, the Commissioner respectfully requests that this Court:

#### **I.**

Permanently restrain and enjoin Defendants, their agents, officers, servants, employees, attorneys, and those persons in active concert or participation with them, directly or indirectly, singly or in concert, from violating Ark. Code Ann. §§ 23-42-501 (Repl. 2000) and 23-42-507 (Repl. 2000).

#### **II.**

Order Defendants to make an accounting, under oath, (1) detailing all monies and other benefits which each received, directly or indirectly, as a result of the activities alleged in the Complaint (including the date on which the monies or other benefit was received and the name, address, and telephone number of the person paying the money or providing the benefit), (2) listing all current assets wherever they may be located and by whomever they are being held (including the name and address of the holder and the amount or value of the holdings), and (3) listing all accounts with any financial or brokerage institution maintained in the name of, on behalf of or for the benefit of any of the Defendants (including the name and address of the account holder and the account number) and the amount held in each account at any point during the period from inception through the date of the accounting.

III.

Order Defendants to disgorge any and all ill-gotten gains, together with prejudgment interest, derived from the activities set forth in this Complaint, in accordance with a plan of disgorgement acceptable to the Court and the Commissioner.

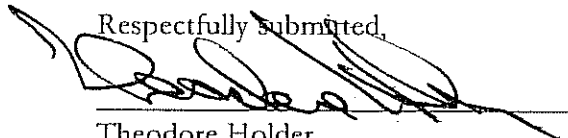
IV.

Order Defendants to pay a fine pursuant to Ark. Code Ann. § 23-42-209(b) (Repl. 2000) in an amount to be determined by the Court.

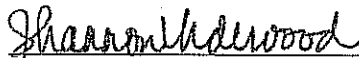
V.

Grant such other and further relief as the Court may deem just and appropriate.

Respectfully submitted,



Theodore Holder  
ASSISTANT COMMISSIONER



Shannon Underwood  
STAFF ATTORNEY

*Attorneys for Plaintiff*

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