

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

THE STERLING GROUP, LLC

AND ERIC STEVEN STEIN

CEASE & DESIST ORDER

No. 98-1-S

CEASE AND DESIST ORDER

The Arkansas Securities Department ("Department") has received information and has in its possession certain evidence which indicates that The Sterling Group ("Sterling") and Eric Steven Stein ("Stein"), the managing director, have violated provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. § 23-42-101 *et seq.*

FINDINGS OF FACT

1. Sterling purports to be a Nevada limited liability company, whose principal place of business is 4634 Maryland Parkway, Suite 109, Las Vegas, Nevada 89119.
2. Stein, whose principal place of business is 4634 Maryland Parkway, Suite 109, Las Vegas, Nevada 89119, is the Managing Director of Sterling.
3. The Department received an inquiry from an Arkansas resident who had received information from Sterling regarding the opportunity to purchase a Media Unit and become a Media Sponsor.
4. Materials sent to the Arkansas resident by Sterling represent that each Media Unit is sold for five thousand (\$5,000) dollars, with a minimum purchase requirement of two (2) units. The purchase of a media unit entitles the Media Sponsor to an allocation of any profit resulting from the television airing of direct response commercials and resulting product sales.
5. Sterling represented that participation as a Media Sponsor is currently returning, on average, over seventy five hundred dollars (\$7,500) for each five thousand (\$5,000) unit purchased, or a return on investment of fifty percent. Returns are based on the sales results of products featured in direct response commercials sponsored. The Media Sponsor will receive their share of proceeds from a specified commercial campaign along with a written sales report within two or three weeks after the completion of the Agreement's sixty (60) day cycle. Sterling further represented that to date, no Media Sponsors have lost any money with the program.
6. The Program states that Sterling will provide: VHS Copies of Actual Television Commercials, an Acknowledgment Letter, a Preliminary Media Plan, Merchant Accounts, the 1-800 Inbound number, and Telemarketing services.
7. The Media Units described above are not registered as securities with the Arkansas Securities commissioner. Neither the Media Units nor the transactions in which they are offered are

exempt from registration. The offer and sale of these Units constitutes the offer and sale of securities by Sterling and Stein in violation of Ark. Code Ann. § 23-42-501.

8. Sterling and Stein are not registered as broker-dealers or agents for the sale of securities in the State of Arkansas. Their offer and sale of the above securities is in violation of Ark. Code ann. § 23-42-301.

CONCLUSIONS OF LAW

9. Ark. Code Ann. §23-42-102(2) defines "agent" as any individual who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.
10. Ark. Code Ann. § 23-42-102(3) defines "broker-dealer" as any person engaged in the business of effecting transactions in securities for the account of others or for his own account.
11. Ark. Code Ann. § 23-42-102(14)(A) defines "security" to include any stock, certificates of interest or participation in any profit-sharing agreements; investment contracts, certificates of interest or participation in, temporary or interim certificates for, guarantees of, or warrants or rights to subscribe to purchase, any of the foregoing.
12. Ark. Code ann. § 23-42-501 states that it is unlawful for any person to offer or sell any security which is not registered or which is not exempt from registration under the terms of the Act.
13. Ark. Code Ann. § 23-42-301(a) states that is unlawful for any person to transact business in this State as a broker-dealer or agent unless such person is registered under the terms of the Act.
14. Ark. Code Ann. § 23-42-507 states in part, that it is 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.

OPINION

15. This matter has been properly brought before the Arkansas Securities Commissioner in accordance with Ark. Code Ann. § 23-42-201 and 209.
16. From the facts known by the Department, the Commissioner has reason to believe that Sterling and Stein have engaged in activity in violation of the Act by offering to sell securities in Arkansas.
17. Pursuant to Ark. Code Ann. § 23-42-209(a)(1), the Arkansas Securities Commissioner can and should Order Sterling and Stein to immediately Cease and Desist from further actions in the State of Arkansas in connection with the offer and sale of securities, which in this case are the media units, until such time as they and the securities offered are properly registered.
18. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that The Sterling Group, LLC and Eric Steven Stein CEASE AND DESIST from any further actions in the State of Arkansas in connection with the offer and sale of securities until such time as they and the securities offered are properly registered pursuant to the Arkansas Securities Act.

WITNESS MY HAND AND SEAL THIS _____ DAY OF JANUARY, 1998.

MAC DODSON

ARKANSAS SECURITIES COMMISSIONER