

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

HAMILTON CHASE VENTURES, INC.,

a Nevada Corporation;

WILLIAM C. CARR, President; and

REID GLENN MORGAN

CEASE AND DESIST

ORDER NO. 98-000-S

CEASE AND DESIST ORDER

The Arkansas Securities Department (the "Department") has received information and has in its possession certain evidence which indicates that HAMILTON CHASE VENTURES, INC., WILLIAM C. CARR, and REID GLENN MORGAN have violated provisions of the Arkansas Securities Act (the "Act"), codified at Arkansas Code Annotated §§ 23-42-101, *et seq.* This Order is entered into pursuant to Arkansas Code Ann. § 23-42-209 and the Arkansas Administrative Procedure Act, codified at Arkansas Code Ann. §§ 25-15-201, *et seq.*

FINDINGS OF FACT

1. Hamilton Chase Ventures, Inc. ("Ventures") holds itself out to be a Nevada Corporation, with its principal place of business located at 2533 North Carson Street, Suite 1958, Carson City, Nevada. William C. Carr is a resident of Los Gatos, California, and is the President of Ventures. Reid Glenn Morgan is a resident of North Little Rock, Arkansas.
2. On or about June 18, 1996, Morgan entered into a contract entitled "Escrow-Management Services Agreement" (the "Agreement") with a representative of a firm owned by a resident of Arkansas, under the terms of which Morgan agreed to receive into certain bank accounts the sum of \$200,000, and to be responsible for the safekeeping and investment of such funds in what is referred to in the Agreement as High Yield Investment programs. The bank accounts into which such sums were to be delivered were in the name of or controlled by Ventures, Carr, or their agents. In return, Morgan was to deliver to the investor a AA+ Bank Guarantee in the amount of \$1,000,000 within fifteen days from the receipt of the \$200,000. Upon the cashing of the bank guarantee, Morgan was to be paid a fee of 5% of the funds received. The \$200,000 required under the Agreement was delivered to the bank accounts by the investor as directed on or about June 21, 1996.
3. On or about July 31, 1996, the investor made demand in writing to Carr and Ventures for return of the \$200,000, since no bank guarantee had been issued. Carr, on behalf of Ventures informed the investor initially that he would receive his \$200,000 during the first week of November, 1996. Over the subsequent fourteen months, the investor was notified by Carr and Ventures no less than fourteen additional times that the release of the \$200,000 from the investment program had been delayed and that he could expect to receive such funds at a later date, the last such notification being by letter dated December 22, 1997, advising the investor he could expect to receive his funds on or around January 24, 1998.

4. The records of the Arkansas Securities Department do not reflect either a registration or exemption filing for any securities in the name of Hamilton Chase Ventures, Inc. in this State.
5. The records of the Arkansas Securities Department do not reflect that Reid Glenn Morgan, William C. Carr or Hamilton Chase Ventures, Inc. are registered as broker-dealers or agents in this State.
6. As of February 12, 1998, the \$200,000 had not been returned to the investor.

APPLICABLE LAW

7. Arkansas Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security in this state unless it is registered, the security or transaction is exempted under Ark. Code Ann. §§ 23-42-503 or 23-42-504, or it is a covered security.
8. Arkansas Code Ann. § 23-42-301(a) provides that it is unlawful for any person to transact business in this state as a broker-dealer or agent unless he is registered.

CONCLUSIONS OF LAW

9. The taking of the \$200,000 from the investor in return for a promise to deliver a bank guarantee in the amount of \$1,000,000 constitutes the sale of a security in this State in violation of Arkansas Code Ann. § 23-42-501 due to the fact that such securities are not registered under the Act, exempt from the registration provisions of the Act, nor covered securities.
10. The sale of such securities by Ventures, Carr and Morgan constitutes a violation of Arkansas Code Ann. § 23-42-301 due to the fact that none of them are registered as broker-dealers or agents in this State.

OPINION

The provisions of the Act governing registration and exemption of securities, as well as those provisions governing registration of broker-dealers and agents, exist for the protection of the investor so that informed investment decisions may be made based upon full disclosure of all pertinent information. When the provisions of the Act are circumvented, this goal is thwarted. The failure of Ventures, Carr and Morgan to comply with the registration provisions of the Act and the resultant danger to the investing public justify the immediate halt to any further sale of securities by or on behalf of Ventures, Carr and Morgan.

ORDER

It is therefore ORDERED that REID GLENN MORGAN, WILLIAM C. CARR, HAMILTON CHASE VENTURES, INC. and its officers and agents immediately cease and desist from any offers to sell, sales, or promotion of sales of securities in this State until such time as such securities are properly registered or exempt from the registration provisions of the Act and the persons offering or selling such securities are properly registered under the Act.

IT IS SO ORDERED this ____ day of February, 1998.

MAC DODSON, COMMISSIONER

