

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

ZENITH INVESTMENT GROUP,

CEASE AND DESIST ORDER

DONALD A. FOSS AND

DENNIS EARL WILLIAMS

ORDER NO. 98-039-S

CEASE AND DESIST ORDER

The Arkansas Securities Department ("Department") has received information and has in its possession certain evidence which indicates that Zenith Investment Group ("Zenith"), Donald A. Foss ("Foss"), and Dennis Earl Williams ("Williams") have violated provisions of the Arkansas Securities Act (the "Act") Ark. Code Ann. § 23-42-101 *et seq.*

FINDINGS OF FACT

1. Documents obtained by the Department indicate that the address of Zenith is, Zenith Investment Group, P.O. Box 1852, 11201 N.E. Madison Ave., Suite 2021, Bentonville, AR 72712.
2. In a letter addressed to clients of Zenith, Mr. Foss signed as the "Chairman and CEO" of Zenith.
3. A 1997 Zenith account statement for clients, Clifford J. and Flossie A. Ott of Houston, Texas, reflects current account earnings and an accumulated account value in excess of \$385,000. No investment vehicle entity other than Zenith was evident on the statement.
4. In a Zenith brochure and letter to clients, Foss states that Zenith offers a wide variety of financial products and services through their representatives. He boasts that a Zenith investment management affiliate manages \$16 billion for more than 1 million accounts.
5. The Department received additional information about Zenith from an Oklahoma attorney concerning an investment by an Oklahoma resident in Zenith Investment in Bentonville, Arkansas. According to a report filed with the Creek County, Oklahoma, Sheriff Department, the Oklahoma resident, Ms. Artiena Cloud, was solicited and purchased securities from Denny Williams, a representative of Zenith. Ms. Cloud received several monthly interest payments from Zenith, but those payments inexplicably ceased in December, 1997. Ms. Cloud contacted Williams in January, 1998, and requested that her account be closed and her principal be returned. Williams agreed to return her money, but has not done so. Since January, 1998, all efforts by Ms. Cloud and her attorney to contact Williams and Zenith have been unsuccessful.
6. Department records for broker-dealers, agents and investment advisers reflect no registration nor application for registration for Zenith, Foss, or Williams
7. Department records for securities issued or sold in Arkansas reflect no registration nor exemption from registration for Zenith.

CONCLUSIONS OF LAW

8. Ark. Code Ann. § 23-42-102 (15) defines "security" to include various transactions by which funds are invested in a business including notes, stock, investment contracts, certificates of interest or participation in any profit-sharing agreement, or other evidence of indebtedness.
9. 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.
10. Ark. Code Ann. § 23-42-301 (a) states that it is unlawful for any person to transact business in this state as a broker-dealer or agent unless he is registered under the terms of the Act.
11. Ark. Code Ann. § 23-42-301 (b) (1) states in part that It is unlawful for any issuer to employ an unregistered agent.
12. 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.

OPINIONS

13. This matter has been properly brought before the Arkansas Securities Commissioner in accordance with Ark. Code Ann. §§ 23-42-201 and 209.
14. From the facts known by the Department, the Department has reason to believe Zenith, Foss, and Williams have engaged in activity in violation of the Act by offering and selling unregistered and non-exempt securities, while Zenith, Foss, and Williams were not registered as a broker-dealer, representatives or agents of the issuer.
15. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that Zenith Investment Group, Donald A. Foss, and Dennis Earl Williams immediately 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 MAY, 1998.

MAC DODSON

SECURITIES COMMISSIONER