

**STATE OF ARKANSAS**  
**SECURITIES DEPARTMENT**

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IN THE MATTER OF

FAMILY CAPITAL HOLDINGS, INC.

CEASE AND DESIST ORDER

GERALD W. JONES, JOSEPH C.

DAVID, JR. AND RON LEDFORD

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ORDER NO. 98-051-S

**CEASE AND DESIST ORDER**

The Arkansas Securities Department ("Department") has received information and has in its possession certain evidence which indicates that Family Capital Holdings, Inc. ("Family"), Gerald W. Jones ("Jones"), Joseph C. David, Jr. ("David"), Ron Ledford ("Ledford") and Advare Interests, Inc. ("Advare") have violated provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. § 23-42-101 *et seq.*

**FINDINGS OF FACT**

1. Family is a Louisiana corporation, with a principal place of business at 2001 E. 70th Street, Suite 416, Shreveport, Louisiana 71105.
2. Advare is a Louisiana corporation, with a principal place of business at 754 Unadilla Street, Shreveport, Louisiana 71106.
3. Records of the office of the Secretary of State for Louisiana list Jones as the President and principal incorporator of Family.
4. Records of the office of the Secretary of State for Louisiana list David as the President of Advare.
5. Ledford has stated he works at Advare.
6. The Department received an inquiry from an Arkansas resident who had received information from Family, Jones, David and Ledford regarding the opportunity to purchase and sell investment products developed by Family. Other Arkansas residents received the same information at a group presentation made by Family, Jones, David and Ledford in North Little Rock, Arkansas.
7. Materials from Family outline an investment program developed by Family to meet the investment objectives of individuals, trusts, partnerships and corporations. Investments may be purchased in amounts ranging from a minimum of \$25,000 to a maximum of \$1,000,000. The investment will pay a monthly income equal to an annual interest rate of twelve percent (12%) on or before the 30th day of each month during the investment period. The investor's capital is invested for a minimum period of fifteen (15) months.
8. The materials state that each investor's capital is protected by a secured Debenture Bond. According to Jones, the interest paid to investors is generated by mortgage backed securities

that Family purchases from a sister company, Advare.

9. Ledford represented that Advare is a registered accredited investor on the New York Stock Exchange. According to Ledford they purchase mortgage backed securities for the Advare portfolio, then sell the products to Family on the secondary market.
10. The investments with Family described above are not registered as securities with the Arkansas Securities Commissioner. Neither the investments nor the transactions in which they are offered are exempt from registration. The offer and sale of these investments constitutes the offer and sale of securities by Family, Jones, David and Ledford in violation of Ark. Code Ann. § 23-42-501.
11. Family, Jones, David and Ledford are not registered as broker-dealers or agents for the sale of securities in the State of Arkansas. Their offer of the above described securities is in violation of Ark. Code ann. § 23-42-301.

### **CONCLUSIONS OF LAW**

12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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**

18. This matter has been properly brought before the Arkansas Securities Commissioner in accordance with Ark. Code Ann. § 23-42-201 and 209.
19. From the facts known by the Department, the Commissioner has reason to believe that Family, Jones, David and Ledford have engaged in activity in violation of the Act by offering to sell securities in Arkansas.
20. Pursuant to Ark. Code Ann. § 23-42-209(a)(1), the Arkansas Securities Commissioner can and should Order Family, Jones, David and Ledford to immediately Cease and Desist from 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.
21. This Order is in the public interest.

**ORDER**

IT IS THEREFORE ORDERED that Family Capital Holdings, Inc., Gerald W. Jones, Joseph C. David, Jr. and Ron Ledford 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 SEPTEMBER, 1998.

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MAC DODSON

SECURITIES COMMISSIONER