

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

IN THE MATTER OF

THE PEOPLE'S CHURCH OF  
ARNOLD; CAMP DAVID; AND  
KENNETH BROWN

CEASE & DESIST ORDER

NO. 99-046-S

**CEASE AND DESIST ORDER**

The Arkansas Securities Department ("Department") has received information and has in its possession certain evidence which indicates that The People's Church of Arnold; Camp David; and Kenneth Brown have violated provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. § 23-42-101 *et seq.*

**FINDINGS OF FACT**

1. The People's Church of Arnold, (hereinafter referred to as the "Church"), is a Missouri not for profit corporation with administrative offices located at 1770 Missouri State Road, Arnold, Missouri 63010.
2. Camp David (hereinafter referred to as "Camp"), is a Missouri not-for-profit corporation with an address of 1770 Missouri State Road, Arnold, Missouri 63010. Starting in 1972, Camp David operated a camp for children and teens.
3. Kenneth L. Brown, (herein after referred to as "Brown") has an address of 1279 Greentree Lane, Arnold, Missouri 63010. Brown served as pastor of The People's Church from its inception in 1962 until 1998. Brown founded Camp David in 1972 and was the owner, President and Chairman of the Board for Camp David.
4. During the period 1967 – 1998, Brown, pastor for The People's Church of Arnold, sold \$303,152.83 in Church Bonds to four Arkansas residents. In addition, Brown sold \$142,682.00 in Camp David Bonds to one Arkansas resident.
5. Brown told these Arkansas residents that an investment in the Church Bonds and Camp David Bonds would pay investors 11% interest annually and would "further the work of God."
6. Neither The People's Church nor Brown were registered to sell securities in the State of Arkansas. The Church Bonds and the Camp David Bonds sold by The People's Church and Brown were not registered in Arkansas. These facts were not disclosed to potential investors.
7. The Church Bonds and the Camp David Bonds, offered to the Arkansas residents by Church and Brown, are securities as that term is defined by the Act: Ark. Code Ann. §23-42-102(15)(A)(iv). According to the records of the Arkansas Securities Commissioner, the Church Bonds and Camp David Bonds are not registered with the Commissioner, nor exempt from that registration, for sale in Arkansas.
8. Church is an "issuer" as that term is defined by the Act, to-wit: "every person who issues or proposes to issue any security..." Ark. Code Ann. §23-42-102(9).
9. Camp David is an "issuer" as that term is defined by the Act, to-wit: "every person who issues or proposes to issue any security..." Ark. Code Ann. §23-42-102(9).

10. Brown is an "agent" for the Church and Camp David as that term is defined by the Act: 'Agent' means any individual...who represents a...issuer in effecting or attempting to effect purchases or sales of securities

### **CONCLUSIONS OF LAW**

11. Ark. Code Ann. §23-42-201 gives the Arkansas Securities Commissioner authority to administer the provisions of the Act.
12. Ark. Code Ann. §23-42-209(a)(1) provides that, when it appears to the Commissioner that sufficient grounds or evidence exists that any person has violated or is about to violate any provision of the Act, the commissioner may summarily order the person to cease and desist from the act or practice.
13. Ark. Code Ann. §23-42-301(a) provides that it is unlawful for any person to transact business in this state as an agent for this issuer unless he is registered under this chapter with the Commissioner.
14. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security in this state unless the security is registered in accordance with the Act; exempt from that registration; or a covered security.
15. Ark. Code Ann. § 23-42-507 states:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

- (1) To employ any device, scheme, or artifice to defraud;
- (2) To make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or
- (3) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

### **OPINIONS**

16. From the findings of fact set forth herein, it is the opinion of the Arkansas Securities Commissioner that:
17. This matter has been properly brought before the Commissioner.
18. The Bonds are securities subject to the registration requirements of the Act.
19. Church issued the Church Bonds for offer and sale to Arkansas residents through its agent Brown.
20. Camp David issued the Camp David Bonds for offer and sale to Arkansas residents through its agent Brown.
21. The Church Bonds and Camp David Bonds have not been registered for offer and sale in Arkansas.
22. Brown engaged in fraud, in violation of Ark. Code Ann. §23-42-507, in that he engaged in a course of business which deceived Arkansas residents into believing the offer and sale of the Bonds in Arkansas was lawful.

23. Church, Camp David and Brown should immediately cease and desist from the further solicitation and sale of the Church Bonds, Camp David Bonds and any other security, to Arkansas residents. Further Church, Camp David and Brown should immediately cease and desist from the further collection of funds from any Arkansas resident investor.

24. This Order is in the public interest.

**ORDER**

IT IS THEREFORE ORDERED THAT Church, Camp David and Brown CEASE AND DESIST from any further actions in the State of Arkansas in connection with the offer and sale of securities.

WITNESS MY HAND AND SEAL this 11th day of August, 1999.

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MAC DODSON

SECURITIES COMMISSIONER