

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

IN THE MATTER OF

AMENDED  
CEASE & DESIST ORDER

ALLIANCE TRUST; TRUSTEES,  
PRINCIPALS, OFFICERS, AGENTS,  
AND AFFILIATES, including, but not  
limited to, CLIFTON WILKINSON;  
U.S. GUARANTEE CORP.; and  
ALVIN A. TANG

NO. 99-050-S

**AMENDED CEASE AND DESIST ORDER**

The Arkansas Securities Department ("Department") has received information and has in its possession certain evidence which indicates that Alliance Trust ("Alliance"), Clifton Wilkinson ("Wilkinson"), U.S. Guarantee Corp. ("Guarantee"), and Alvin A. Tang ("Tang") have violated and/or will violate provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. § 23-42-101 *et seq.*

**FINDINGS OF FACT**

1. According to documents and information received by the Department, Alliance is described to be a 'contract trust' with a mail drop box located at 931 Village Boulevard, Suite 905-199, West Palm Beach, Florida 33409. Mailboxes Etc. has a facility at 931 Village Boulevard, Suite 905, West Palm Beach, Florida 33409-1939. Alliance also describes itself as a 'U.S. Trust' and a 'U.S. Insurance Co.'
2. According to documents and information received by the Department, Wilkinson is the Trustee of Alliance, and his home address is 8170 Jarrett Manor Estates, Toccoa, Georgia 30577.
3. By means of mailed literature ("Announcement"), Alliance and Wilkinson solicited Arkansas resident broker-dealer agents and investment adviser representatives ("Agent") to market investment contracts ("Investment") in Alliance to their clients, presumably Arkansas residents. Copies of the Announcement are attached hereto.
4. According to the Announcement, the Agent is to market the Investment to the client at a minimum of \$10,000 per contract.
5. In exchange for the client's investment, the Agent will receive a purported return for the following range of investments:  
  
\$10,000 to \$500,000 will yield 25%,  
\$501,000 to \$1,000,000 will yield 30%, and  
\$1,000,001 and up will be determined.
6. According to the Announcement, the Agent has discretion to determine what part of the return would be paid to the investor.
7. According to the Announcement, Agents and investors are required to become members of Alliance at an annual fee of \$99.

8. According to the Announcement, all Investments are purportedly guaranteed by Alliance, which claims \$450,000,000 in assets.
9. According to information from the Nevada Secretary of State website, Guarantee is a Nevada Corporation as of April 3, 1996, and its offices are in Scottsdale, Arizona. Tang is Guarantee's Chief Operating Officer.
10. According to the Announcement, Alliance uses language that an average investor could reasonably interpret to conclude that Alliance provides a "surety payment bond" on the Investment principal from Guarantee. Tang has written the Department that Guarantee does not have a formal bond relationship with Alliance. A copy of the letter is attached hereto.
11. However, according to information received by the Department on August 25, 1999, Tang now represents that Guarantee "guarantees transactions whereby Guarantee is fully indemnified by Alliance" ("Sureties").
12. The Investments, and the Sureties made by Guarantee of said Investments, are securities as defined by the Act, Ark. Code Ann. § 23-42-102(15)(A).
13. According to the records of the Arkansas Securities Commissioner, these securities are not registered with the Commissioner, nor has an exemption from registration been filed and approved by the Commissioner. Further, the securities are not "covered securities" as defined by the Act, Ark. Code Ann. § 23-42-102(4).
14. Alliance and Guarantee are each 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). According to the records of the Arkansas Securities Commissioner, Alliance is not registered with the Commissioner as an issuer.
15. Wilkinson is an "agent" as that term is defined by the Act, to-wit: "any individual . . . who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities." Ark. Code Ann. § 23-42-102(2)(A). According to the records of the Arkansas Securities Commissioner, Wilkinson is not registered with the Commissioner as an agent.
16. According to documents and information received by the Department, there is no disclosure to Agents or investors that Alliance, Wilkinson, or Guarantee are registered, or exempted from registration, with Arkansas as an issuer, a broker-dealer, or an agent of the issuer, as appropriate.
17. According to documents and information received by the Department, Alliance does not disclose to the client that the Agent can or does share in the profits of the Investment contract.
18. According to documents and information received by the Department, neither Alliance nor Wilkinson disclose that mandatory membership in Alliance by the Agent and investor creates a pooling of interests of the Agent and investor.

### **APPLICABLE STATUTES**

19. Ark. Code Ann. § 23-42-201 gives the Arkansas Securities Commissioner authority to administer the provisions of the Act.
20. Ark. Code Ann. § 23-42-209(a)(1) provides that, when it appears to the Commissioner that sufficient grounds or evidence exist 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 that act or practice.

21. The Act defines a "security" to mean any evidence of indebtedness; investment contract; or any guarantee of an evidence of indebtedness or investment contract. Ark. Code Ann. § 23-42-102(15)(A)(vi); Ark. Code Ann. § 23-42-102(15)(A)(xi); Ark. Code Ann. § 23-42-102(15)(A)(xvi).
22. Ark. 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 under this chapter.
23. Ark. Code Ann. § 23-42-301(b) provides that is unlawful for any issuer to employ an unregistered agent.
24. Ark. Code Ann. § 23-42-501 provides that it is unlawful for a 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.
25. 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 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; 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.
26. Rule 307.01 of the Rules of the Arkansas Securities Commissioner, provides certain minimum investment, net worth, disclosure and contracting requirements by an investment adviser Agent to participate in performance-based compensation with an investor.

### **OPINIONS**

27. For reasons set forth herein, and based upon Findings of Fact and Applicable Law recited above, it is the opinion of the Commissioner that:
28. This matter has been properly brought before the Commissioner.
29. The Investments and Sureties are securities subject to the registration requirements of the Act.
30. The Investments and Sureties have not been registered with the Department, neither are they exempt from that registration nor are they covered securities.
31. Wilkinson is not registered with the Department as an agent of the issuer for Alliance.
32. Alliance, Wilkinson, and Guarantee have engaged in fraud, in violation of Ark. Code Ann. § 23-42-507, in that they have engaged in a course of business which has deceived or could deceive Arkansas Agents, and, subsequently, Arkansas residents, into believing the offer and sale of the Investments in Arkansas is lawful.
33. Alliance and Wilkinson have engaged in fraud, in violation of Ark. Code Ann. § 23-42-507, in that they mislead the Agent to believe that no licensing is required.

34. Claims of high returns far above conventional markets has been, and can be, indicative of fraudulent investments, or "scams".
35. Alliance and Wilkinson have engaged in fraud, in violation of Ark. Code Ann. § 23-42-507, in that they mislead the Agents and investors to believe that the Investments are backed by the Sureties.
36. Alliance, Wilkinson, and agents thereof should immediately cease and desist from further marketing solicitation and/or sale of the Investments.
37. Alliance, Wilkinson, and their agents should immediately cease and desist from the collection of funds from any Arkansas resident.
38. The Sureties by Guarantee of Alliance's investment contracts are securities subject to the registration requirements of the Act.
39. The Sureties have not been registered with the Department, neither are they exempt from that registration nor are they covered securities.
40. Guarantee, Tang, and their agents should immediately cease and desist from further marketing of the Sureties.
41. This order is in the public interest.

### **ORDER**

IT IS THEREFORE ORDERED THAT ALLIANCE TRUST, and Clifton Wilkinson, the Trustees, Officers, Agents, and Affiliates of the foregoing, including, but not limited to, Clifton Wilkinson, and U.S. Guarantee Corp. and Alvin A. Tang CEASE AND DESIST from any future action in the State of Arkansas in connection with the offer and sale of securities until such persons and offerings are properly registered or exempt from registration with Arkansas.

WITNESS MY HAND AND SEAL this 30 the day of August 1999,



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MAC DODSON  
SECURITIES COMMISSIONER











