

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF**

**GARY SMITH AND  
REX WHITE**

**No. S-05-027-05-0102**

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**ORDER DIRECTING INVESTIGATION AND  
EMPOWERING OFFICERS**

I.

The staff of the Arkansas Securities Department has in its possession certain evidence which, if true, indicates that Gary Smith and Rex White have violated various sections of the Arkansas Securities Act (the Act), including, but not limited to:

Ark. Code Ann § 23-42-301 (a), which makes it unlawful for any person to Transact business in this state as a broker-dealer or agent unless he is registered under the Act.

Ark. Code Ann. § 23-42-507, which makes it 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 statements of a 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.

II.

The Arkansas Securities Commissioner is empowered by Ark. Code Ann. § 23-42-205 to make investigations to determine whether any provision of the Arkansas Securities Act or any rule or order promulgated or issued pursuant thereto has been violated.

The Arkansas Securities Commissioner, or any officer designated by him, is further empowered by Ark. Code Ann. § 23-42-205 to administer oaths and affirmations, subpoena witness, compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements or other documents or records which are deemed to be relevant.

IT IS THEREFORE THE ORDER OF THE SECURITIES COMMISSIONER OF THE STATE OF ARKANSAS, pursuant to Ark. Code Ann. § 23-42-205, that an investigation be commenced to determine what action, if any, should be taken in the above referenced matter, and the Securities Commissioner hereby appoints David H. Smith, Attorney, Phyllis Shelby, Chief Examiner and Linda Streit, Investigator, as officers for the Securities Department , to conduct an investigation and administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence and require the production of any books, correspondence, memoranda, agreements and other documents and records which are deemed to be relevant.

IT IS FURTHER ORDERED that all documents, written memoranda, testimony and other information obtained pursuant to this Order be restricted to the non-public files of the Department until or unless otherwise released, in writing, by subsequent order of the Securities Commissioner.

WITNESS MY HAND AND SEAL THIS 10th day of November , 2005.

  
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Michael B. Johnson  
ARKANSAS SECURITIES COMMISSIONER