

STATE OF ARKANSAS  
SECURITIES DEPARTMENT

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IN THE MATTER OF  
THE AVEDIS GROUP, INC.; A FREEDOM TEAM  
MORTGAGE COMPANY, INC.; a/k/a A ~ FREEDOM  
TEAM MORTGAGE COMPANY, INC.; and  
aftmortgage.net; T T and T, LLC;  
THOMAS FINANCIAL, LLC; GDC, LLC;  
MARK LEAMON THOMAS, TRENT DODDS,  
BETTY KITCHEN, JIM BEACH, TONY CASTEEL,  
GARY DUPLANTIS and ALL PERSONS  
EMPLOYED BY or OTHERWISE  
AFFILIATED WITH THOSE ENTITIES  
or THOSE PERSONS

No S-06-021-06-CD01

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CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department (the Staff) has received information and has in its possession certain evidence which indicates that THE AVEDIS GROUP, INC.; A FREEDOM TEAM MORTGAGE COMPANY, INC.; a/k/a A ~ FREEDOM TEAM MORTGAGE COMPANY, INC.; and aftmortgage.net; T T and T, LLC; THOMAS FINANCIAL, LLC; GDC, LLC; MARK LEAMON THOMAS; TRENT DODDS; BETTY KITCHEN; JIM BEACH; TONY CASTEEL; AND GARY DUPLANTIS, have violated provisions of the Arkansas Securities Act (the Act), codified at Ark. Code Ann. §§ 23-42-101, *et seq.* (Repl. 2000).

FINDINGS OF FACT

1. THE AVEDIS GROUP, INC. (AVEDIS) was incorporated in Nevada on 6 January 2003 and is active and in good standing. Its corporate office is located at 133 McDermott Drive, Suite 200,

Allen, Texas 75013. AVEDIS purports to be a financial self-help group that produces literature and programs to help individuals manage and grow their assets. It recruits members at meetings held at restaurants, a school, a university, churches and the AVEDIS office in Searcy, Arkansas. Members can sign up for several courses, including the first one that advises enrollees how to be debt free in several years. Subsequent courses include advice about real estate, etc. Members receive written materials and participate in regular conference calls. They are paired with others in the group known as mentors and financial advisors. AVEDIS purports to operate in all fifty states and in foreign countries. AVEDIS is not registered with the Arkansas Securities Department (ASD) to offer and sell securities either as a broker-dealer or an issuer.

2. JIM BEACH (BEACH), a resident of Garnett, Kansas, is the president and CEO of AVEDIS. BEACH is not registered with the ASD as a broker-dealer or agent of a broker-dealer or issuer.
3. A FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a A ~ FREEDOM TEAM MORTGAGE COMPANY, INC., and aftmortgage.net (AFT), was incorporated in Nevada on 26 September 2005. Its last known addresses were P.O. Box 1407, Searcy, Arkansas 72145-1407 and 411 N. Main Street, Searcy, Arkansas 72143. AFT is purported to be a mortgage loan company that could obtain mortgage loans for individuals on residential real estate. AFT is not registered with the ASD to offer and sell securities either as a broker-dealer or an issuer.
4. T T and T, LLC (TTT) purports to be a Nevada corporation and has its mail office in Searcy, Arkansas. It is unclear who its officers or owners are. TTT is not registered with the ASD to offer and sell securities either as a broker-dealer or an issuer.
5. THOMAS FINANCIAL, LLC (TF) appears to be a limited liability company owned and

- operated by the respondent, MARK LEAMON THOMAS. Its office is in Searcy, Arkansas. TF is not registered with the ASD to offer and sell securities either as a broker-dealer or an issuer.
6. GDC, LLC (GDC) is an Arkansas limited liability company organized and owned by Gary Duplantis. Its office is located in Searcy, Arkansas 72143. GDC is not registered with the ASD to offer and sell securities either as a broker-dealer or an issuer.
  7. MARK LEAMON THOMAS (THOMAS), a Searcy, Arkansas resident, is the president and a director of AFT and the former president, chairman of the board and a purported founder of AVEDIS. He appears to be the owner and/or operator of TTT and TF. THOMAS is not registered with the ASD as a broker-dealer or agent of a broker-dealer or issuer.
  8. TRENT DODDS (DODDS), a Searcy, Arkansas resident, is the treasurer of (AFT) and is also affiliated with AVEDIS. DODDS is not registered with the ASD as a broker-dealer or agent of a broker-dealer or issuer.
  9. BETTY KITCHEN (KITCHEN), a Searcy, Arkansas resident, is the secretary of AFT. On AFT letterhead, she has also identified herself by her signature as the Chief Operations Officer of Team Avedis. KITCHEN is not registered with the ASD as a broker-dealer or agent of a broker-dealer or issuer.
  10. GARY DUPLANTIS (DUPLANTIS), a Searcy, Arkansas resident, is the owner of and registered agent for GDC and is also affiliated with AVEDIS. DUPLANTIS is not registered with the ASD as a broker-dealer or agent of a broker-dealer or issuer. He is registered with the Arkansas Insurance Department as an insurance agent.
  11. TONY CASTEEL (CASTEEL), a Judsonia, Arkansas resident, is affiliated with AVEDIS, TTT

and TF.

12. Between September, 2005 and May, 2006, AFT offered and sold fourteen promissory notes issued by AFT to investors, most of whom were steered to DODDS and the idea of investing in the AFT notes at the AVEDIS meetings. In a majority of the cases, investors in these notes were urged by AVEDIS, through its agents, THOMAS, CASTEEL, DODDS and KITCHEN, to refinance their homes through AFT in order to make the equity in their homes liquid and capable of being invested. After refinancing, the investors were offered these notes as a suitable investment. The investors were sold notes showing they would receive stated high rates of return on their notes, all of which matured in nine (9) months. Eight notes promised a return of 20%, three 15%, one 12% and two 10%. The total amount invested in these notes was \$744,961.49. Some notes were signed by DODDS, some were signed by THOMAS and some were unsigned.
13. Although most investors did not know just how AFT was to make the rates of returns promised in the notes, it was their understanding that AFT was going to take their money and make money with it. The promissory notes they received were evidence of investments, not loans. Although the investigation into this matter is still ongoing, it is clear at this point that the money was not invested in any way or used in any way that could generate the returns promised in the time period stated.
14. THOMAS and CASTEEL met AR1, an Arkansas resident and targeted investor, in his business several times and talked to him about what a great business and money-making opportunity there was in AVEDIS membership. AR1 went to an AVEDIS meeting on 4 May 2005 in Searcy. THOMAS and CASTEEL told AR1 that he could get a return of 2% per month for a \$25,000

investment. THOMAS and CASTEEL said everything was “run through” AVEDIS. Even so, after AR1 brought them a \$25,000 check written to TF, he received in return a promissory note issued by TTT. It was signed by CASTEEL and promised a rate of return of “2 % per month or no less than 24% annually.” The term of the note was 1 year and 5 days. The note was not paid on time and is now in default.

15. On 26 May 2005, AR1 invested \$127,500 and received a promissory note from TTT signed by CASTEEL promising a rate of return of “2 % per month or no less than 24% annually.” The term of the note was 1 year and 5 days. The note was not paid on time and is now in default.
16. At one point, THOMAS and CASTEEL had AR1 lay out the all the details of his financial situation, ostensibly so they could advise him. They advised him to sell 4 annuities because they were not performing as well as other investments he could make with or through AVEDIS.
17. THOMAS, CASTEEL, DODDS and KITCHEN all told AR1 to refinance his home and thereby get the equity out of his house to reinvest it with them.
18. THOMAS and CASTEEL told AR1 to gather all the money he could to invest with them, so he borrowed from several family members and took out a bank loan.
19. At the direction of THOMAS and CASTEEL, AR1 took \$200,000 he had amassed to an AVEDIS meeting in Searcy on or about 28 July 2005.
  - a. For \$50,000 of this money, AR1 executed a subscription agreement to buy 50,000 shares of stock in AVEDIS at \$1.00 per share. The subscription agreement was accepted and signed on behalf of AVEDIS by THOMAS on 29 July 2005.
  - b. For the other \$150,000, AR1 received something entitled “Investment Contract,” dated 28

July 2005, issued by TF and signed by THOMAS. This investment contract stated only that THOMAS, the “Investee,” acknowledged the receipt of the \$150,000, which was “to be used at the discretion of the Investee to invest.”

20. On 26 December 2003, AVEDIS, submitted forms to the ASD in an attempt to obtain an exemption from registration requirements of the Arkansas Securities Act (the Act) and sell AVEDIS stock without registering it. The forms were not completed, and the application was withdrawn by means of an undated letter from AVEDIS, which was signed by BEACH and received by ASD on 20 October 2005.

21. AR1's experience with AVEDIS and its agents was typical of the experience of other investors. A second investor, AR2 invested \$20,000 in a promissory note on 14 April 2005. As with the promissory note purchases of AR1 set out in ¶¶ 14 and 15, AR2 received a promissory note from TTT signed by THOMAS (but with a signature line for either THOMAS, or CASTEEL) promising a rate of return of “2% per month or no less than 24% annually.” The term of the note was 1 year and 5 days. Unlike AR1, however, AR2 rolled this note into a real estate investment in Batesville, the outcome of which has yet to be realized.

22. DUPLANTIS, through GDC, sold a \$25,000 investment to a third investor, AR3, one of the fourteen AFT promissory note holders. Later, on or about 7 February 2006, he persuaded AR3 to liquidate that investment and put \$25,000 into a promissory note issued by AVEDIS. It promised 1.91% per month (22.92% annually) “until paid.” This promissory note was signed by BEACH on behalf of AVEDIS.

## CONCLUSIONS OF LAW

23. Ark. Code Ann. § 23-42-102(15)(A)(i) (Supp. 2005) defines security to include a note.
24. Ark. Code Ann. § 23-42-102(15)(A)(ii)(Supp. 2005) defines security to include stock.
25. Ark. Code Ann. § 23-42-102(15)(A)(xi) (Supp. 2005) defines security to include investment contracts.
26. Ark. Code Ann. § 23-42-501 (Repl. 2000) provides 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.
27. Ark. Code Ann. § 23-42-102(9) (Supp. 2005) defines issuer as any person who issues or proposes to issue any security.
28. Ark. Code Ann. § 23-42-102(1)(A) (Supp. 2005) defines agent as, *inter alia*, an individual representing the issuer of securities and effecting or attempting to effect purchases or sales of those securities.
29. Ark. Code Ann. § 23-42-507(2) (Repl. 2000) provides that it is unlawful for any person in connection with the offer or sale of any security to make any untrue statement or omit to state a material fact necessary in order to make the statements made not misleading in light of the circumstances under which they are made.
30. Ark. Code Ann. § 23-42-507(3) (Repl. 2000) provides that it is unlawful for any person in connection with the offer or sale of any security to engage in any act, practice or course of business which operates or would operate as a fraud or deceit on any person.

## OPINION

31. The investors in the promissory notes issued by AFT, detailed in ¶¶ 12 and 13, made an investment and expected a return. They did not make AFT a loan. Although most did not know exactly how the promised return would be made, they understood that they were investing in a common enterprise from which they would make profits based on the efforts of others, most notably THOMAS and DODDS. Therefore, under established legal precedent, these notes were securities under Ark. Code Ann. § 23-42-102(15)(A)(i) (Supp. 2005) as a note and under Ark. Code Ann. § 23-42-102(15)(A)(xi) (Supp. 2005) as an investment contract.
32. Because AFT, through its agents, THOMAS and DODDS, caused the promissory notes detailed in ¶¶ 12 and 13 to be drafted, marketed and sold, AFT was the issuer of these securities.
33. The offers and sales of the notes detailed in ¶¶ 12 and 13 were the offers and sales of unregistered securities in contravention of Ark. Code Ann. § 23-42-501 (Repl. 2000).
34. THOMAS and DODDS, in arranging for the AVEDIS meetings and soliciting investors in AFT notes at them, acted as agents of the issuer without being properly registered in violation of Ark. Code Ann. § 23-42-301(a) (Repl. 2000).
35. AFT through its agents promised rates of return to investors of from 10% to 20% knowing they had no idea of how those rates of return would be made and no business plan or mechanism to achieve such high returns. This was the omission of material facts necessary in order to make the statement of the rates of return not misleading in light of the circumstances under which they are made, a violation of Ark. Code Ann. § 23-42-507(2) (Repl. 2000).



36. The refinancing of investors' homes in order for the investors to invest the equity in their homes, coupled with the offer of an investment in AFT promissory notes, detailed in ¶¶ 12 and 13, would have made financial sense only if the rate of return on the promissory notes exceeded the interest rate to be paid on the mortgages resulting from the refinancing of the investors' homes. Because AFT, through its agents, THOMAS and DODDS, had no idea or way to make such a return on the promissory notes, the practice of offering investors a refinancing loan in order to invest in the promissory notes was an act, practice or course of business which operated or would operate as a fraud or deceit on any person, a violation of Ark. Code Ann. § 23-42-507(3) (Repl. 2000).
37. AVEDIS, TTT and TF, through its agents, THOMAS and CASTEEL, misled AR1 when he was offered and sold a \$25,000 investment into a promissory note with a return of 2% a month or 24% a year on or about 4 May 2005, as detailed in ¶ 14, because they had no idea of how those rates of return would be made and no business plan or mechanism to achieve such high returns. This was the omission of material fact necessary in order to make the statement of the rates of return not misleading in light of the circumstances under which they are made, a violation of Ark. Code Ann. § 23-42-507(2) (Repl. 2000).
38. AVEDIS, TTT and TF, through its agents, THOMAS and CASTEEL, misled AR1 when he was offered and sold a \$127,500 investment into a promissory note with a return of 2% a month or 24% a year on or about 26 May 2005, as detailed in ¶ 15, because they had no idea of how those rates of return would be made and no business plan or mechanism to achieve such high returns. This was the omission of material fact necessary in order to make the statement of the rates of

return not misleading in light of the circumstances under which they are made, a violation of Ark. Code Ann. § 23-42-507(2) (Repl. 2000).

39. The advice AVEDIS gave AR1 through its agents, THOMAS and CASTEEL, to sell 4 annuities and invest the money realized in their products, set out in ¶ 16, would make financial sense only if investments that were available through AVEDIS or any of the entities used by THOMAS and CASTEEL, to wit, AFT, TTT and TF, would make a higher return than AR1 was realizing in his annuities and also cover associated penalties and expenses linked to the liquidation of the annuities. Similarly, the advice given AR1 by THOMAS, CASTEEL, DODDS and KITCHEN to refinance his home to get the equity out of his house and invest it with them (¶17) and the advice given AR1 by THOMAS and CASTEEL to gather all the money he could, which caused him to borrow from family members and a bank (¶18), would make financial sense only if investments that were available through AVEDIS or any of the entities used by THOMAS and CASTEEL, to wit, AFT, TTT and TF, would make a much higher return than AR1 was paying on the loans he incurred in refinancing and borrowing. They had no idea of how those rates of return would be made and no business plan or mechanism to achieve such high returns, their failure to inform AR1 of this critical lack of wherewithal was the omission of material fact necessary in order to make the statement of the rates of return not misleading in light of the circumstances under which they are made, a violation of Ark. Code Ann. § 23-42-507(2) (Repl. 2000).

40. The offer and sale of 50,000 shares of AVEDIS stock on or about 28 July 2005, as detailed in ¶ 19.a, was the sale of unregistered stock, which is not exempt from the registration provisions

of the Act, as detailed in ¶20, in violation of Ark. Code Ann. § 23-42-501 (Repl. 2000). Further, this was the knowing offer and sale of unregistered stock by AVEDIS. As set out in ¶ 20, AVEDIS, through its president, BEACH, had attempted to obtain an exemption to sell its stock in Arkansas, thus evidencing its knowledge of the law, yet sold 50,000 unregistered, nonexempt shares, anyway.

41. AVEDIS, through its agents, BEACH, THOMAS and CASTEEL, caused this stock to be offered and sold. AVEDIS was therefore the issuer of this stock in accordance with Ark. Code Ann. § 23-42-102(9) (Supp. 2005).
42. THOMAS and CASTEEL, in arranging for the offer and sale of this stock to AR1, acted as agents of the issuer without being properly registered in violation of Ark. Code Ann. § 23-42-301(a) (Repl. 2000).
43. AVEDIS, through its agents, THOMAS and CASTEEL, offered and sold an investment of \$150,000 to AR1 on or about 28 July 2005, as detailed in ¶19.b. This was an investment of money in a common enterprise with the expectation that AR1 would receive the promised rate of return based on the efforts of others, most notably, AVEDIS, THOMAS and CASTEEL. Therefore, it was a security, an investment contract, as defined at Ark. Code Ann. § 23-42-102(15)(a)(xi) (Supp. 2005).
44. A search of the records of the ASD shows no registration of the investment contract referred to in ¶¶19.b and 43, and it does not qualify for any exemption from registration requirements. Thus, its offer and sale was the offer and sale of an unregistered security in violation of Ark. Code Ann. § 23-42-501 (Repl. 2000).

45. Because TF, through its agents, THOMAS and CASTEEL, caused the investment contract detailed in ¶19.b to be drafted, marketed and sold, TF was the issuer of this security, as defined in Ark. Code Ann. § 23-42-102(9) (Supp. 2005).
46. THOMAS and CASTEEL, in arranging for the offer and sale of the investment contract detailed in ¶19.b, acted as agents of the issuer without being properly registered in violation of Ark. Code Ann. § 23-42-301(a) (Repl. 2000).
47. AVEDIS and TF, through its agents and/or owners, THOMAS and CASTEEL, misled AR1 when he was offered and sold the \$150,000 investment contract, leading AR1 to believe that THOMAS could make returns that would be greater than any returns he was making on investments he had liquidated and greater than the interest he was paying on any loans he had made, as detailed in ¶19.b, because they had no idea of how those rates of return would be made and no business plan or mechanism to achieve such high returns. This was the omission of material fact necessary in order to make the statement of the rates of return not misleading in light of the circumstances under which they are made, a violation of Ark. Code Ann. § 23-42-507(2) (Repl. 2000).
48. AVEDIS, TTT and TF, through its agents, THOMAS and CASTEEL, misled AR2 when she was offered and sold a \$20,000 investment in a promissory note with a return of 2% a month or 24% a year on or about 14 April 2005, as detailed in ¶ 21, because they had no idea of how those rates of return would be made and no business plan or mechanism to achieve such high returns. This was the omission of material fact necessary in order to make the statement of the rates of return not misleading in light of the circumstances under which they are made, a violation of Ark. Code

Ann. § 23-42-507(2) (Repl. 2000).

49. The offer and sale of the \$20,000 promissory note by AVEDIS, TTT and TF, through its agents, THOMAS and CASTEEL to AR2, as detailed in ¶ 21, was the sale of an unregistered non-exempt security in violation of Ark. Code Ann. § 23-42-501 (Repl. 2000).
50. THOMAS and CASTEEL, in arranging for the offer and sale of the investment contract detailed in ¶ 21, acted as agents of the issuer without being properly registered in violation of Ark. Code Ann. § 23-42-301(a) (Repl. 2000).
51. AVEDIS, through its agents, DUPLANTIS and BEACH, misled AR3 when he was offered and sold a \$25,000 investment into a promissory note with a return of 1.91% a month on or about 7 February 2006, as detailed in ¶ 22, because he had no idea of how those rates of return would be made and no business plan or mechanism to achieve such high returns. This was the omission of material fact necessary in order to make the statement of the rates of return not misleading in light of the circumstances under which they are made, a violation of Ark. Code Ann. § 23-42-507(2) (Repl. 2000).
52. The offer and sale of the \$25,000 promissory notes by AVEDIS, through its agents, DUPLANTIS and BEACH to AR3, as detailed in ¶ 22, was the sale of unregistered non-exempt securities in violation of Ark. Code Ann. § 23-42-501 (Repl. 2000).
53. DUPLANTIS and BEACH, in arranging for the offer and sale of the investment contracts detailed in ¶ 22, acted as agents of the issuer without being properly registered in violation of Ark. Code Ann. § 23-42-301(a) (Repl. 2000).

## ORDER

IT IS THEREFORE ORDERED that THE AVEDIS GROUP, INC.; A FREEDOM TEAM

MORTGAGE COMAPNY, INC.; a/k/a A ~ FREEDOM TEAM MORTGAGE COMPANY, INC., and aftmortgage.net; TT and T, LLC; THOMAS FINANCIAL, LLC; GDC, LLC; MARK LEAMON THOMAS; TRENT DODDS; JIM BEACH; TONY CASTEEL, BETTY KITCHEN and GARY DUPLANTIS, as well as others whose identities are not yet known who are in positions of control of THE AVEDIS GROUP, INC.; A FREEDOM TEAM MORTGAGE COMPANY, INC.; a/k/a A ~ FREEDOM TEAM MORTGAGE COMPANY, INC., and aftmortgage.net; TT and T, LLC; THOMAS FINANCIAL, LLC or GDC, LLC, and who are employed by or otherwise affiliated with THE AVEDIS GROUP, INC.; A FREEDOM TEAM MORTGAGE COMPANY, INC.; a/k/a A ~ FREEDOM TEAM MORTGAGE COMPANY, INC., and aftmortgage.net; TT and T, LLC; THOMAS FINANCIAL, LLC or GDC, LLC, directly or through other companies, **CEASE AND DESIST** from any further actions in the state of Arkansas in connection with the offer or sale of the securities described above and any other securities until such time as the securities are properly registered or shown to be exempt from registration under the Arkansas Securities Act and the persons offering them for sale are properly registered or shown to be exempt from registration pursuant to the Arkansas Securities Act.

WITNESS MY HAND AND SEAL this 20 day of September, 2006.

  
Michael B. Johnson  
ARKANSAS SECURITIES COMMISSIONER