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ARKANSAS SECURITIES DEPT

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

IN THE MATTER OF

CREATIVE CHICKEN CORPORATION,
and OWEN LAUGHLIN

CASE NO. S-08-049

REQUEST FOR ISSUANCE OF CEASE AND DESIST ORDER

Comes now the Arkansas Securities Department staff, (“Staff”), by and through its attorney, Mike Spades, Jr., and for its Request for Issuance of Cease and Desist Order, states as follows:

ADMINISTRATIVE AUTHORITY

1. This matter is in connection with alleged violations of the Arkansas Securities Act, (“Act”), Ark. Code Ann. §§ 23-42-101 to 23-42-509, and is therefore properly before the Arkansas Securities Commissioner, (“Commissioner”). Ark. Code Ann. § 23-42-205.

RESPONDENTS

2. Creative Chicken Corporation (“CCC”) was at all times discussed herein a corporation organized and existing under the laws of Nevada. The records of the Nevada Secretary of State reflect that the registered agent for CCC is Laughlin Associates, Inc., located at 2533 North Carson Street, Carson City, Nevada, 89706. Advertisements published by CCC reflect that CCC conducts business at 14511 North Hico, Siloam Springs, Arkansas 72761. A search of the records of the Arkansas Secretary of State reflect that CCC has not been issued a Certificate of Authority to do business in Arkansas as a foreign corporation.
3. According to the records of the office of the Nevada Secretary of State, Owen Laughlin, (“Laughlin”) is the president of CCC, with offices located at 2533 North

Carson Street, Carson City, Nevada 89706. The records of the office of the Nevada Secretary of State further reflect that Laughlin serves as secretary, treasurer, and director of CCC. Laughlin resides at 14511 North Hico Street, Siloam Springs, Arkansas.

FACTS TO BE PRESENTED BY THE STAFF

4. The Staff has obtained certain evidence that indicates that CCC, and its president, Laughlin, and perhaps others affiliated with CCC, have engaged in certain prohibited activities in connection with offers to sell securities as an investment in an Arkansas based business enterprise, and that the offers to invest in these securities that have been made are in violation of the Act. Those prohibited activities are more specifically described below.
5. CCC has published advertisements claiming that it has developed a method whereby it can process chicken litter into an environmentally friendly fertilizer for residential and commercial use. CCC represents that its method can process an initial capacity of 100 tons of chicken litter per hour. CCC claims in its advertisement that by “processing this material, it will eliminate odor, sanitize the product for the elimination of any and all pathogens, stabilize the soil and release any existing nutritional values in the soil along with those of the processed product.” CCC’s advertisement asserts that its processing plant will have an anticipated production capacity of approximately 2,592,000 bags of fertilizer per month.
6. CCC has engaged in an unregistered and non-exempt public offering of its securities through its website. In its “Confidential Private Offering Memorandum,” which is available on CCC’s website, CCC represents that it is offering shares of stock in the

company in its effort to raise \$50,000,000 in capital. The memorandum states that the minimum number of shares offered to purchasers is 1000 shares of “Class A Common non-voting Shares at \$7.50 per share”. A Pre-Subscription Agreement published by CCC and available on its website directs that the \$7500.00 minimum investment must be tendered in the form of certified funds or by wire transfer only, and that the offer is limited to investors between the ages of 25 to 55, or others by written permission.

7. The stock offered by CCC is a security as defined by the Act.
8. The evidence will reflect that CCC and Laughlin have failed to register the security offered by CCC with the Arkansas Securities Department as required by the Act. Further, the evidence will prove that CCC and Laughlin have failed to apply to the Arkansas Securities Department for an exemption of the stock offered from registration.
9. The evidence demonstrates that the offering for sale of the CCC stock poses a risk to potential investors, and that CCC and Laughlin should cease and desist from publicly offering these unregistered securities for sale, and that all advertisements, solicitation for sale, and sale of these unregistered securities should terminate immediately.

LEGAL AUTHORITY

10. This matter is properly before the Commissioner pursuant to Ark. Code Ann. § 23-42- 205.
11. The stock offered for sale in Arkansas and elsewhere by CCC and Laughlin fall within the definition of a security as defined by Ark. Code Ann. § 23-42- 102(15)(A).
12. It is unlawful for any person to offer or sell any security in this state unless the

security is registered with the Arkansas Securities Department, the security or transaction is exempted from registration under the Act, or the security is a covered security as defined by the Act. Ark. Code Ann. § 23-42-501.

13. Whenever it appears to the Commissioner, upon sufficient grounds and evidence satisfactory to the Commissioner, that any person has engaged in or is about to engage in any act or practice that is a violation of the Act, the Commissioner may summarily order the person to cease and desist from the act or practice. Ark. Code Ann. 23-42-209(a)(1)(A).

SUMMARY

For the reasons set forth herein, the Staff requests the issuance of an order directing CCC and Laughlin to immediately cease and desist from the selling or offering to sell, its unregistered securities in the form of shares of stock in CCC. The Staff further requests that the Commissioner's Order prohibit CCC and Laughlin from advertising the sale of its unregistered security, and that the prohibition on advertising the unregistered security should include offering the unregistered security to potential investors through all forms of marketing, including but not limited to, telephone solicitations, solicitations by direct or electronic mail, newspaper, television, or radio advertisements, internet websites, or any other electronic venue.

Respectfully submitted,



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