

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF: )  
 )  
LYONS WARD & ASSOCIATES LLC )  
GENE COLLINS )  
JOHN STABLE )  
 )  
 )  
 )  
RESPONDENTS )

ADMINISTRATIVE ORDER  
NO. CD-2009-0005

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. LYONS WARD & ASSOCIATES LLC ("LWA") is a state of New York Corporation, having a commercial address of 590 Madison Avenue 21<sup>st</sup> Floor, New York, NY 10022.
2. GENE COLLINS ("COLLINS"), at all times relevant, acted as the President of LWA, with a business address of 590 Madison Avenue 21<sup>st</sup> Floor, New York, NY 10022.
3. JOHN STABLE ("STABLE"), at all times relevant, acted as the Vice President of Private Client Services for LWA, with a business address of 590 Madison Avenue 21<sup>st</sup> Floor, New York, NY 10022.

## STATEMENT OF FACTS

4. Information made available to the Commission indicates that on or about March 2008, STABLE made a general solicitation ("cold call") offer of and/or sale of unregistered securities, to wit: a "Fixed Income Contract" and/or "Collateralized Debt Obligation Contract" ("CDO") i.e., investment contract, to an Alabama resident. The following day offering documents were mailed by representatives of LWA to the same Alabama resident. The materials represented STABLE as the Account Executive of LWA.

5. The Offering Memorandum describes the investment offered to the Alabama resident as a fixed income contract and/or a collateralized debt obligation contract with duration of 12 months. Page 15 of the offering memorandum indicates that "CDO's are a type of asset backed security and structured credit product".

6. Information made available to the Commission indicates that the Alabama investor entered into a total of five (5) "Fixed Income Contracts" and/or "Collateralized Debt Obligation Contracts" with LWA for investment durations of a minimum of 12 months.

7. According to initial "welcoming" correspondence sent to the Alabama investor, RESPONDENT COLLINS identifies himself as the President of LWA.

8. A January 29, 2009, telephonic statement made by LWA representative Bob Hamilton indicated that the Alabama investor's funds transferred to LWA were utilized as "Advance Capital" for use in the state of New York civil judicial proceedings.

9. A review of the files of the Commission conducted in February 2009, disclosed that RESPONDENTS were neither registered nor exempt from registration to offer and/or sell securities in Alabama and that no security offered by RESPONDENTS was registered or subject to a perfected exemption.

## CONCLUSIONS OF LAW

10. Section 8-6-2 (10), Code of Alabama 1975, includes any *investment contract* in the definition of a security. The investment offered and/or sold by RESPONDENTS designated as a "Fixed Income Contract" and/or a "Collateralized Debt Obligation Contract" is an investment contract and constitutes a security under Alabama law.

11. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article. *Dealer* is defined in Section 8-6-2(3) as any person engaged in the business of effecting transactions in securities. LWA and COLLINS acting as President of LWA, transacted business in Alabama as a dealer for securities in violation of Section 8-6-3(a).

12. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article. The definition of agent in Section 8-6-2(2), Code of Alabama 1975, includes any individual who represents a dealer or an issuer in effecting or attempting to effect sales of securities. STABLE acted as agent of LWA under this definition and transacted business in Alabama without benefit of registration in violation of Section 8-6-3(a).

13. Pursuant to Section 8-6-3(a), it is unlawful for any dealer or issuer to employ an agent unless the agent is registered. LWA employed STABLE as an agent who was not registered in violation of Section 8-6-3(a), Code of Alabama 1975.

14. Section 8-6-4, Code of Alabama 1975 states: "It is unlawful for any person to offer or sell any security in this state unless it is registered under this article; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11." The securities offered and/or sold by **RESPONDENTS** were

neither registered nor exempt from registration in Alabama in violation of Section 8-6-11, Code of Alabama 1975.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

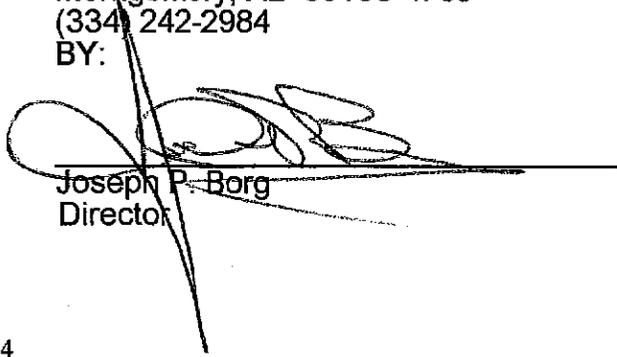
This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the RESPONDENTS to make a timely request for hearing, or default of the respondents, it is the intention of the Commission to impose sanctions upon the RESPONDENTS. Such sanctions may include, inter alia, an administrative assessment imposed on RESPONDENTS, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against RESPONDENTS, and a permanent order to bar RESPONDENTS from participation in any securities related industry in the state of Alabama.

**ACCORDINGLY, IT IS HEREBY ORDERED** that the RESPONDENTS immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 18<sup>th</sup> day of February, 2009.

ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984  
BY:

  
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Joseph P. Borg  
Director

