



ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: May 3, 2016

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Commission Orders North Carolina Man to Pay Restitution and Penalties for Securities Fraud

PHOENIX, AZ—The Commission ordered North Carolina resident Samuel A. Jones to pay \$95,000 in restitution and a \$15,000 administrative penalty for fraudulently selling promissory notes in an Arizona-based limited liability company.

The Commission found that, while not registered to offer or sell securities in Arizona, Jones offered and sold promissory notes to four investors, failing to inform them that Shadow Beverages and Snacks, LLC had defaulted on promissory notes to previous investors. Further, the Commission found that the promissory notes issued by Shadow Beverages and Snacks, LLC were not registered in accordance with state securities laws.

The Commission found that Jones was an officer and member of the company's board of managers when each of the relevant investors handed over their money. Shadow Beverages and Snacks, LLC is a debtor in an involuntary bankruptcy case and ceased business operations in 2015.

In settling this matter, Jones admitted to the Commission's findings for purposes of this proceeding and consented to the entry of the Commission's order.

For more details about this case, view the full text of the Commission's order [S-20948A-15-0422](#). The Commission's final order will be posted online as soon as it is signed by all of the Commissioners. Please check the Commission's website:

<http://www.azcc.gov/divisions/securities/enforcement/enforce-orders.asp>

More caution for investors:

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Determining whether an alternative investment program is a security is not always easy to determine and depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9 (837-4399). The Securities Division's investor education website also has helpful information at www.azinvestor.gov.

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