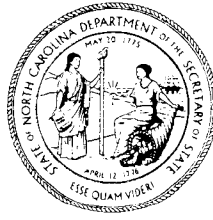


STATE OF NORTH CAROLINA



Department of The
Secretary of State

In the Matter of:

THE NORTH CAROLINA SECURITIES DIVISION,

Petitioner,

vs.

JOE JONES & ASSOCIATES,
860 Tiffany Boulevard
Rocky Mount, North Carolina 27804

and

JOSEPH LIONEL JONES
860 Tiffany Boulevard
Rocky Mount, North Carolina 27804,

Respondents.

**SUMMARY ORDER
TO
CEASE AND DESIST**

File No: 02-048-CC

Pursuant to the authority granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act), hereinafter referred to as the "Securities Act," and the rules promulgated thereunder, the Securities Division of the Department of the Secretary of State, hereinafter referred to as the "Division," has investigated the activities of **JOE JONES & ASSOCIATES** and **JOESPH LIONEL JONES**, (hereinafter, referred to as **JONES**), to determine if they have engaged in, or are about to engage in; any act or practice constituting a violation of the Securities Act or any rule or order thereunder.

THE DIVISION has filed an Administrative Petition against the above-named Respondents seeking, among other remedies, a Summary Cease and Desist Order pursuant to the provisions of N.C.G.S. §78A-47(b)(2).

THE SECRETARY OF STATE, acting by and through her duly authorized Deputy Securities Administrator, from the investigation and the information derived therefrom, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

1. The Respondent **JOE JONES & ASSOCIATES** is upon information and belief, a business located at 860 Tiffany Boulevard, Rocky Mount, North Carolina 27804.
2. The Respondent **JOSEPH LIONEL JONES**, (hereinafter referred to as **JONES**) is a natural person, who upon information and belief is a principal of Joe Jones & Associates. Respondent Jones business activities include engaging in now and in the past the solicitation of members of the public in North Carolina to invest in BAB Productions investments.
3. In 2001 and continuing through the present, Respondents Joe Jones & Associates and Jones through direct contact offered and sold to members of the public in North Carolina BAB Productions investments. The investment consists of a capital outlay on behalf of the investor to BAB Productions with the expectation of a 10% tax-free return at the end of the contract period of 90 to 120 days. An automatic reinvestment provision allows for additional contract periods.
4. Promotional materials at the time of the offer and sale of the investment represent that the investments are protected and that the individual contracts are covered by the Securities Investor Protection Corporation (SIPC) up to a maximum amount of \$500,000.00.

5. The offer and sale by Respondents Joe Jones & Associates and Jones of the BAB Productions investment described herein constitutes an "offer" and "sale" of a "security" as the terms are defined pursuant to N.C.G.S. §§78A-2(8) and 78A(11).
6. The securities offered and sold by the Respondents Joe Jones & Associates and Jones to persons in North Carolina were not registered with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act prior to or at the time of being offered or sold to persons in North Carolina and were not exempt from registration nor covered under federal law, in violation of N.C.G.S. §78A-24.
7. During the period from January 2, 2003 to the present, Respondents Joe Jones & Associates and Jones were not registered as dealers or salesmen of securities with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act. Respondents were acting as a "dealer" or "salesman" within the meaning of N.C.G.S. §§78A-2(2) and 78A-2(9).
8. During the period from January 2, 2003 to the present, Respondent Joe Jones & Associates and Jones engaged in and continue to engage in transacting business by offering and selling securities to persons in North Carolina, while the Respondents are not and were not registered as dealers or salesmen of securities with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act, in violation of N.C.G.S. §78A-36(a).
9. In connection with the offer and sale of the aforesaid security to persons in North Carolina, Respondents either directly or indirectly made untrue statements of a material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of N.C.G.S. §78A-8(2), in that the Respondents omitted to state to the offerees that:
 - a) the BAB Productions investment as marketed by the Respondents is a security and it was not registered under the North Carolina Securities Act prior to being

offered and sold to members of the public in North Carolina in violation of N.C.G.S. §78A-24; and

- b) during the period from January 2, 2003 to the present, Respondents were not registered as dealers or salesmen of securities pursuant to the provisions of the North Carolina Securities Act, in violation of N.C.G.S. §78A-36(a); and
- c) Respondents Joe Jones & Associates and Jones directly and indirectly made untrue statements of a material fact in that they represented to potential investors that the investment contracts were insured against loss by the Securities Investor Protection Corporation (SPIC), and that each account was protected up to \$500,000.00.

CONCLUSIONS OF LAW

1. The Secretary has statutory authority pursuant to N.C.G.S. §78A-47(b)(2) to enter and issue a temporary Cease and Desist Order against the Respondents.
2. There is reasonable cause to believe the Respondents have engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §§78A-8, 78A-24 and 78A-36(a).
3. There is reasonable cause to believe the Respondents will continue to commit acts and omissions in violation of the North Carolina Securities Act.
4. It is necessary and appropriate for the protection and preservation of the public interest that the Respondent be summarily ordered to cease and desist from making offers and sales of securities in violation of the North Carolina Securities Act and, in connection with such solicitations, assert untrue statements of a material fact and omit to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading.

NOW, THEREFORE, IT IS ORDERED, that upon review of the facts and conclusions of law presented that the public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. §78A-47(b)(1) and pursuant to the authority contained in N.C.G.S. §78A-47(b)(2), that Respondents, JOE JONES & ASSOCIATES and JONES shall immediately cease and desist:

- a. offering for sale, soliciting offers to purchase, or selling, to the public in North Carolina, the securities of BAB Productions or any security of any issuer, howsoever denominated, unless and until such securities have been registered pursuant to the provisions of the Securities Act;
- b. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, the securities of BAB Productions and any security of any issuer, howsoever denominated, unless and until said persons become registered as dealers or salesmen pursuant to the provisions of the Securities Act;
- c. in connection with the offer, sale or purchase of any security, making false statements of material facts or omitting to state material facts necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading.

NOTICE IS HEREBY GIVEN that the Respondents may request a hearing upon this matter by transmitting such request, in writing and within thirty (30) business days of receipt of this document, to David S. Massey, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. A copy of any such request shall be served by first-class mail upon Nancy Ann Vecchia, Enforcement Attorney, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such a request is made, this matter shall be scheduled for a hearing in accordance with Chapter 150B of the North Carolina General Statutes within twenty (20) days after receipt by the Deputy Securities Administrator of the written request. If no request for a hearing, other responsive hearing, or submission is received by the Deputy Securities Administrator within thirty (30) business days of the receipt of service

hereof, this Summary Order to Cease and Desist shall become final and remain in effect unless it is modified or vacated by the Secretary of State in her capacity as Administrator of the North Carolina Securities Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 13th day of September 2004.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA and
SECURITIES ADMINISTRATOR,

by: /s/ David S. Massey
DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR