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## Texas State Securities Board

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IN THE MATTER OF  
SEVEN PROPERTIES, LLC  
AND WAYNE P. SMITH

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§

**Order No. ENF-06-CDO-1617**

TO: Seven Properties, LLC  
14207 Memorial, #340  
Houston, Texas 77079

Wayne P. Smith, CEO  
14207 Memorial, #340  
Houston, Texas 77079

### EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Deputy Securities Commissioner of the State of Texas ("Deputy Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2006) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Deputy Commissioner to find that:

#### FINDINGS OF FACT

1. Seven Properties, LLC ("Respondent Seven Properties") maintains a last known address at 14207 Memorial, #340, Houston, Texas 77079.
2. Wayne P. Smith ("Respondent Smith") maintains a last known address at 14207 Memorial, #340, Houston, Texas 77079.
3. Respondents are offering for sale, to Texas residents, interests in a real estate investment program evidenced by "Lender and Borrower Agreements" whereby Respondents promise to pay 12-15% interest annually for funds lent to Respondents for the purchase of real estate.

4. The above-described investment program has not been registered by qualification, notification or coordination and no permit has been granted for its sale in Texas.
5. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
6. In connection with the offer for sale of the above-described Lender and Borrower Agreements, Respondents are intentionally failing to disclose the following material facts:
  - a. The relevant risks of the investment program;
  - b. The assets, liabilities, and profitability of Respondent Seven Properties;
  - c. The financial experience and background of the principals of Respondent Seven Properties; and
  - d. The past record of Respondent Seven Properties of re-paying investors in the investment program.

#### CONCLUSIONS OF LAW

1. The above-described investment program is a "security" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents are violating Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
6. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

#### ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.

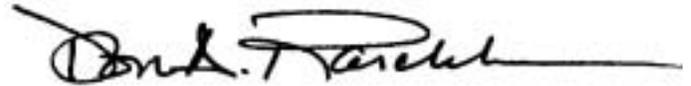
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Deputy Securities Commissioner this 22<sup>ND</sup> day of August, 2006.



Don A. Raschke  
Deputy Securities Commissioner