

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

FAYE CHANCEY
JEFFERY L. CHAPMAN
BILLY HALL, II
BRIAN HEATH HUGHES
JODY HUGHES
STACEY HUGHES
CHARLES McVAY
LAURIE D. McVAY
PATRICIA A. TRAWICK
RANDALL L. WELLS

RESPONDENTS

ADMINISTRATIVE ORDER
NO. CD-2004-00 23

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the power 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. RESPONDENT FAYE CHANCEY 756 Poole Road, Chancellor, AL 36316, is an agent of Learn Waterhouse, Inc. (LWI).
2. RESPONDENT JEFFERY CHAPMAN, 198 Medical Center Drive, Prattville, AL 36066, is an agent for LWI.

3. RESPONDENT BILLY HALL, II, 1613 Ricksburg Rd., Newton, AL 36352, is an agent for LWI.
4. RESPONDENT BRIAN HEATH HUGHES, 7600 East County Road 36, Ozark, AL 36360 is an agent of LWI.
5. RESPONDENT JODY HUGHES, 208 County Road 337, Ozark, AL 36360, is an agent of LWI.
6. RESPONDENT STACEY HUGHES, 11083 East Highway 27, Ozark, AL 36360, is an agent for LWI.
7. RESPONDENT CHARLES McVAY, 429 Porter Andrews R., Ozark, AL 36360, is an agent of LWI.
8. RESPONDENT LAURIE D. McVAY, 429 Porter Andrews Rd., Ozark, AL 36360, is an agent for LWI.
9. RESPONDENT PATRICIA A. TRAWICK, 1018 County Road 80, Newville, AL 36353, is an agent for LWI.
10. RESPONDENT RANDALL L. WELLS, 198 Medical Center Drive, Prattville, AL 36066, is an agent for LWI.

STATEMENT OF FACTS

11. In or around November 2003, RESPONDENTS introduced Alabama investors to Randy Treadwell, Keith Trawick, Steve Hunter and Larry Landis, representatives of Learn Waterhouse, Inc.,(LWI), who offered and sold securities, in the form of investment

contracts, entitled Official Private Contractual Loan Agreements, issued by LWI into and within the State of Alabama.

12. At the direction of the RESPONDENTS, Alabama residents wired investor funds directly to an account controlled by Arnulfo M. Acosta, for the use of LWI.
13. On June 18, 2004, the Commission issued Administrative Order CD-2004-0014 to Learn Waterhouse, Inc, Randall T. (Randy) Treadwell, Arnulfo M. Ascosta, Steve Hunter, Larry Landis and Keith Trawick directing that they immediately cease and desist from further offers or sales of any security into, within or from the state of Alabama.
14. On September 24, 2004, Aaron Keiter, attorney for LWI, and Larry Landis identified RESPONDENTS CHANCEY, HALL, BRIAN HEATH HUGHES, JODY HUGHES AND STACEY HUGHES as Senior Member Representatives of LWI and as such were custodian of LWI records pertinent to the individuals who were solicited for "loans" to LWI.
15. On September 24, 2004, Aaron Keiter and Larry Landis admitted and agreed that the Official Private Contractual Loan Agreements, offered and sold by agents of LWI, were securities, as defined by the Alabama Securities Act and there were no exemptions available for the issuance or sale those securities. Additionally, Aaron Keiter and Larry Landis admitted and agreed that the securities were offered and sold without benefit of registration, such issuance and sale is in violation of state law.
16. A review of the financial records related to LWI revealed that RESPONDENTS PATRICIA HUGHES, CHARLES McVAY, LAURIE D. McVAY and RANDY WELLS received cash payments from Senior Member Representatives as commissions for introducing Alabama residents to LWI.
17. A review of the files of the Registration Division of the Alabama Securities Commission found no registration with the Commission pursuant to Sections 8-6-3 through 8-6-8 of

the Alabama Securities Act nor a claim for exemption under Section 8-6-10 or 8-6-11 of the Act for the RESPONDENTS or the securities offered and sold by the RESPONDENTS.

CONCLUSIONS OF LAW

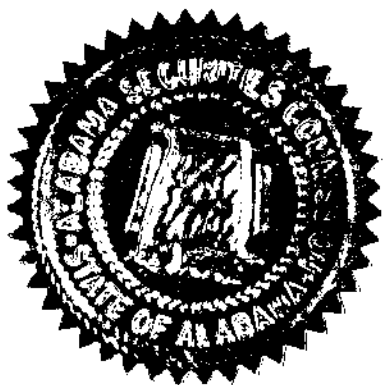
18. RESPONDENTS are not registered as agents or broker dealers in the state of Alabama. The sale of securities by an unregistered dealer or agent in the state of Alabama is a violation of Section 8-6-3(a), Code of Alabama 1975., which states: "It is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article."
19. The securities of LWI are neither registered nor exempt from registration in the state of Alabama. The sale of unregistered securities in the state of Alabama is a violation of Section 8-6-4, Code of Alabama 1975, which states: "It is unlawful for any person to offer or sell any security in this state unless: (1) It is registered under this article; (2) The security is exempt from registration under section 8-6-10; or (3) The transaction is exempt under section 8-6-11".

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

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

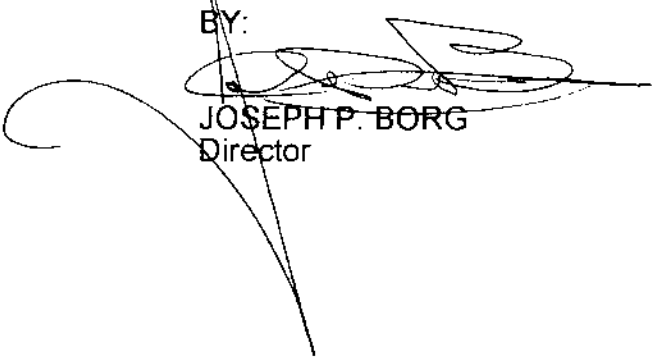
ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENTS immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 12th day of October, 2004.



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

BY:


JOSEPH P. BORG
Director