

# STATE OF NORTH CAROLINA



Department of The  
Secretary of State

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THE NORTH CAROLINA SECURITIES DIVISION, )

Petitioner, )

vs. )

PLINY ARENAS and )  
SALEM VISION VENTURES, LLC. )

Respondents. )

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**FINAL  
ORDER**

**FILE NO. 12SEC225**

**THIS CAUSE** coming on to be heard and being heard before the Secretary of State of the State of North Carolina (hereinafter "Secretary of State"), as Administrator of the North Carolina Securities Act; and

**IT APPEARING** to the Administrator that the undersigned Respondents, **PLINY ARENAS** (hereinafter "Respondent Arenas") a natural person residing in North Carolina and **SALEM VISION VENTURES, LLC** (hereinafter "Respondent Salem") a North Carolina limited liability company with its last known business address in Oak Ridge, North Carolina, without admitting or denying those Finding of Facts and Conclusions of Law so identified, have consented to, and do not contest, the entry of a Final Order to resolve the matters described herein, as follows:

## FINDINGS OF FACT

1. Respondent Arenas, a resident of North Carolina and Respondent Salem, a North Carolina limited liability company, are represented in this matter by counsel, Wesley Bailey and Iain MacSween.

2. The conduct of both Respondents in this matter is within the subject matter jurisdiction of the Administrator. Both Respondents are personally subject to the jurisdiction of the Administrator.

3. Respondent SALEM VISION VENTURES, LLC is a manager-managed, limited liability company, formed on February 9, 2011 in the State of North Carolina. The last annual report filed with the Corporations Division of the North Carolina Department of the Secretary of State on February 2, 2013 indicated that Salem is an investment company. Salem's last known business address is 7798 Elizabeth Drive, Oak Ridge, North Carolina 27310.

4. Respondent PLINY ARENAS is or was the member manager and registered agent of Respondent Salem.

5. Jesus Christ Ministries International Inc., (hereinafter the "Church"), a North Carolina non-profit corporation organized for religious purposes to conduct activities as a church, was established in June of 2006.

6. In early 2011, as the Church's congregation began to outgrow its rented accommodation, the Church's leaders began to consider various options to move the Church to a larger building. Around this time, leaders of the Church identified an opportunity to purchase two parcels of land, located in Winston-Salem, North Carolina (hereinafter the "Land"). The owner offered to sell the Land to the Church in exchange for an initial down payment of \$75,000.00 (the "Down Payment") and a promissory note for \$100,000.00 (the "Note") for the balance of the \$175,000.00 purchase price.

7. The Church sought donations from its congregation to fund the Down Payment. It quickly became apparent that the Church would not be able to raise the \$44,000.00 balance needed through donations; however certain of the Church's leaders offered to loan money directly to the Church. To determine how to structure the making of loans by its congregants, a committee was formed, which committee sought advice from a certified accountant. The certified accountant advised the committee to organize a limited liability company in which to pool the individual loans from the congregation, and from which to make a single loan to the Church.

8. In February, 2011, on the advice of a certified accountant, but without the benefit of any legal advice, the Church congregation elected Nerissa Abordo and Respondent Arenas, and instructed them to organize Respondent Salem in which to pool the individual loans from the congregation, and from which to make a single loan to the Church. In completing and submitting the organizational documents for the limited liability company to the Corporations Division of the Office of the North Carolina Secretary of State, these Church leaders believed they were satisfying all applicable laws, rules and regulations.

9. It was common for the Church to have business meetings after church services, followed by lunch. Beginning in the spring of 2011, Respondent Arenas spoke on two occasions during the Church's after-service business meetings. During his presentations, Respondent Arenas informed the Church congregants that the Church wanted to purchase and develop the Land to build a new church. Respondent Arenas informed the congregants that it would cost \$175,000.00 to purchase the Land, but \$44,000.00 would need to be raised to enable the Church to pay the full Down Payment. Respondent Arenas informed the congregants of the creation of Respondent Salem.

10. Respondent Arenas spoke about the proposal that congregants wishing to loan money to the Church pool their money together in Respondent Salem, which would in turn loan \$44,000 to the Church. Respondent Arenas informed the Church congregants that the investors would earn interest on their investment. Respondent Arenas did not provide any specific details on what percentage investors would earn on their investments or when investors would likely receive a return on their investments.

11. Approximately twenty-nine congregants made loans to the Church through investments in Respondent Salem. Through these investments, Respondent Salem raised \$47,000.00, of which \$44,000 was in turn loaned to the Church to fund the Down Payment and enable the Church to purchase the Land, which it did in August, 2011. All of Respondent Salem's investors were also congregants of the Church.

12. In October 2011, Respondent Salem held a dinner where all of Respondent Salem's investors were recognized and presented with Membership Certificates containing each investor's name and the amount invested. During this dinner, the managing members of Respondent Salem were also introduced to the investors and the names of those officers, their positions and signatures were contained on the Membership Certificate received by investors.

13. During the dinner, it was stressed to Respondent Salem's investors that Respondent Salem was a manager-managed limited liability company as opposed to a member-managed limited liability company, and as a consequence the non-managing members of Respondent Salem would have no administrative responsibilities for the operation of the limited liability company. The organizational documents for Respondent Salem were reviewed and discussed during the meeting, and questions concerning Respondent Salem were answered. The organizational documents for Respondent Salem were made available to all those members in attendance.

14. Information about the status of the Land after its purchase was presented in the Church's weekly bulletin and email to the congregation. Respondent Salem engaged a certified accountant to prepare Schedule K-1 tax forms for its members, which forms were delivered to its members on or before April 2012 and 2013. The certified accountant engaged by Respondent Salem was made available to answer any related questions from the investors. Respondent Salem did not hold any annual or special meetings to update investors on the status of their investments.

15. Neither Respondent Arenas nor any other organizer and/or officer of Respondent Salem received any compensation in connection with their roles in Respondent Salem and the purchase of the Land.

16. Upon it being alleged that the structure used by Respondent Salem to facilitate the making of loans to the Church may have breached certain securities laws, in March, 2013, the Church repaid its loan to Respondent Salem, which in turn used these proceeds to repay each of the twenty-nine original investors their original investments in full, plus interest of five percent. Thereafter, Respondent Salem was dissolved.

17. Each Respondent, without admission or denial, does not contest the Administrator's finding that the interests of the investors obtained as a result of Respondents' activities in soliciting and obtaining funds from the investors constituted either membership interests in a limited liability company or an investment contract as defined by N.C.G.S. §78A-2(11) and 18 N.C.A.C. 06A .1510.

18. Each Respondent, without admission or denial, does not contest the Administrator's finding that the interests of the investors obtained as a result of Respondents' activities in soliciting and obtaining funds from the investors to create a limited liability company to loan to the Church for the purchase land by the Church to be utilized to build a

church constituted either membership interests in a limited liability company or an investment contract as defined by N.C.G.S. §78A-2(11) and 18 N.C.A.C. 06A .1510.

19. Each Respondent, without admission or denial, does not contest the Administrator's finding that the interests of the investors obtained as a result of Respondents' activities in soliciting and obtaining funds from the investors loan to the Church generating an income to pay investors constituted an investment contract as defined by N.C.G.S. §78A-2(11).

20. Each Respondent, without admission or denial, does not contest the Administrator's finding that the solicitations, offerings, and sale of membership interests in Respondent Salem and/or investment contracts constituted the "offer" and "sale" of a "security" as those terms are defined pursuant to N.C.G.S. §§78A-2(8) and 78A-2(11).

21. Each Respondent, without admission or denial, does not contest the Administrator's finding that the solicitations, offerings, and sale of membership interests in Respondent Salem and/or investment contracts 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 being offered and sold in North Carolina as required under N.C.G.S. §78A-24.

22. Neither Respondent Arenas nor Respondent Salem were registered to offer or sell securities under Chapter 78A, N.C.G.S., as required by N.C.G.S. §78A-36(a).

23. Both Respondents expressly waive any right to Notice of Rights and Opportunity for Hearing, a Notice of Hearing, a hearing, the making of findings of fact and conclusions of law, and all further proceedings before the Administrator or the Office of Administrative Hearings to which each may be entitled by law.

24. Both Respondents expressly waive all rights to seek judicial review or otherwise challenge the validity of this Final Order.

25. Action by the Administrator to halt further conduct by Respondents in North Carolina in violation of Chapter 78A, N.C.G.S., is in the public interest and is necessary for the protection of the public from further violations of the North Carolina Securities Act.

26. This Final Order contains the entire agreement between the undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or adds to this Final Order. Both Respondents agree that the presentation of this Final Order to the Administrator without the undersigned Respondents or any counsel for Respondent being present shall not constitute an improper ex parte communication between the Administrator and Petitioner or counsel for Petitioner. This Final Order shall be effective only after approval, issuance and entry by the Administrator.

27. Both Respondents, by execution of this Final Order, affirmatively state that he and it has freely agreed to the signing of this Final Order, and that no threats, promises or offers of any kind, other than as stated in this document, have been made by the Securities Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the Department of the Secretary of State in connection with the signing of this Final Order.

**BASED UPON THE FOREGOING** Findings of Fact, the Administrator makes the following:

#### **CONCLUSIONS OF LAW**

1. The offering and sale of investments in Respondent Salem by Respondents as described in paragraphs 6 through 16 constituted the offer and sale of limited liability company membership interests and/or investment contracts, thus were securities under N.C.G.S. §§78A-2(8), 78A-2(11) and 18 N.C.A.C. 06A .1510.

2. Respondents, by offering and selling their securities to persons in North Carolina, violated N.C.G.S. §78A-24.

3. Respondent Arenas and Respondent Salem, by transacting business in North Carolina as salesmen prior to being registered, violated N.C.G.S. §78A-36(a).

4. The Administrator has jurisdiction of the subject matter of this proceeding and over the person of each Respondent.

5. Action by the Administrator to halt further offers and sells by both Respondents in violation of Chapter 78A, N.C.G.S., is in the public interest, is consistent with the purposes of the Securities Act and is necessary for the protection of the public from further violations of the Securities Act.

#### **ORDER**

**NOW, THEREFORE**, the Administrator, acting through her duly appointed Deputy Securities Administrator, pursuant to and under all authority granted by the North Carolina Securities Act, and with the consent of both Respondents, does hereby enter into this **FINAL ORDER**.

**NOW, THEREFORE**, with the consent of both Respondents, it is **HEREBY ORDERED** that both Respondents shall immediately cease and desist from offering to sell or selling securities of any kind in the State of North Carolina, including, but not limited to, investment contracts or membership interests in a limited liability company such as Respondent Salem, or the securities offered by any other entity, to persons residing or located in the State of North Carolina, without first complying with Chapter 78A, N.C.G.S., the North Carolina Securities Act.

**IT IS FURTHER ORDERED**, that for any person or entity not a party to this Final Order, this Final Order does not limit or create any private right or remedies against

Respondents, limit or create liability of Respondents, or limit or create defenses of or for Respondents to any claims.

This **FINAL ORDER** shall become final upon entry.

**WITNESS MY HAND AND THE OFFICIAL SEAL** of the North Carolina Department of Secretary of State, this the 14th day of May, 2013.

Time of entry: 11:01 A.M.



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

By: DAVID S. MASSEY  
**DEPUTY SECURITIES ADMINISTRATOR**

**CONSENT TO ENTRY OF FINAL ORDER BY  
PLINY ARENAS**

Pliny Arenas hereby acknowledges that he has read, understands and consents to the entry of the foregoing **FINAL ORDER**. By agreeing to this **FINAL ORDER**, Respondent Arenas neither admits nor denies the Findings of Fact or Conclusions of Law, but does not contest, the jurisdiction of the North Carolina Secretary of State, waives all objections to the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the North Carolina Secretary of State as settlement of the matters described in this Order.

Dated this the 2nd day of May, 2013.

By: [Signature]  
Pliny Arenas

State of North Carolina  
Forsyth County

SUBSCRIBED AND SWORN TO before me this 2nd day of May, 2013.

Teresa M. Sugg  
Notary Public  
My Commission expires: 1-25-2016

Teresa M. Sugg Notary Public Davidson County North Carolina
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**CONSENT TO ENTRY OF FINAL ORDER BY  
SALEM VISION VENTURES, LLC**

Salem Vision Ventures, LLC hereby acknowledges that it has read, understands and consents to the entry of the foregoing **FINAL ORDER**. By agreeing to this **FINAL ORDER**, Respondent Salem neither admits or denies the Findings of Fact or Conclusions of Law, but does not contest, the jurisdiction of the North Carolina Secretary of State, waives all objections to the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the North Carolina Secretary of State as settlement of the matters described in this Order.

Dated this the 2nd day of May, 2013.

Salem Vision Ventures, LLC *(now dissolved)*

By:   
Title: Managing Member

State of North Carolina  
Forsyth County

SUBSCRIBED AND SWORN TO before me this 2nd day of May, 2013.

Teresa M. Sugg  
Notary Public  
My Commission expires: 1-25-2016

Teresa M. Sugg Notary Public Davidson County North Carolina
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**CONSENTED TO BY COUNSEL FOR RESPONDENTS**

\_\_\_\_\_  
Iain MacSween  
Date: \_\_\_\_\_

**CONSENT TO ENTRY OF FINAL ORDER BY  
SALEM VISION VENTURES, LLC**

Salem Vision Ventures, LLC hereby acknowledges that it has read, understands and consents to the entry of the foregoing **FINAL ORDER**. By agreeing to this **FINAL ORDER**, Respondent Salem neither admits or denies the Findings of Fact or Conclusions of Law, but does not contest, the jurisdiction of the North Carolina Secretary of State, waives all objections to the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the North Carolina Secretary of State as settlement of the matters described in this Order.

Dated this the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Salem Vision Ventures, LLC

By: \_\_\_\_\_  
Title: \_\_\_\_\_

State of North Carolina  
\_\_\_\_\_ County

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Notary Public  
My Commission expires: \_\_\_\_\_

CONSENTED TO BY COUNSEL FOR RESPONDENTS

  
Iain MacSween  
Date: May 2, 2013