

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

Eugene Morrissette, and
GM Enterprises

)
) ORDER TO CEASE AND DESIST
) ORDER TO SHOW CAUSE
) INV2009-021
)
)

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:23, the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.

Pursuant to RSA 421-B:26, the Secretary of State has the authority to impose administrative penalties of up to \$2,500.00 for each violation of New Hampshire securities law and rules.

Pursuant to RSA 421-B:26, the Secretary of State may, upon hearing, order any person who violates RSA 421-B:4 to make a written offer to the purchaser of a security to repurchase the security for cash.

NOTICE OF RIGHT TO REQUEST A HEARING

The above named respondent has the right to request a hearing on this order to cease and desist and order to show cause, as well as the right to be represented by counsel. Any such request for a hearing shall be in writing, shall be signed by the respondent, or by the duly authorized agent of the above named respondent, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B:23, I, if respondents fails to request a hearing on this order within 30 calendar days of receipt of this order, respondents shall be deemed in default, and this order shall, on the thirty-first day, become permanent.

Upon request for a hearing being received by the Bureau of Securities Regulation, in the manner and form indicated above, a hearing shall be held not later than ten days after such request is received by the Bureau, after which hearing, the Secretary of State, or such other person authorized by statute, shall issue a further order vacating or modifying this order, or making it permanent, as the circumstances require.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated November 24, 2009 (a copy of which is attached) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

WHEREAS, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested,

It is hereby ORDERED, that:

1. Respondents shall show cause why a cease & desist order should not issue against Eugene Morrisette and GM Enterprises, to determine why the membership interests in GM should not be declared as securities, and why Respondents should not be subject to the laws contained in RSA 421-B.
2. The Respondents shall pay jointly and severally, administrative penalties of \$2,500 per violation for the violations referenced in the Bureau's Staff Petition for Relief
3. The Respondents shall jointly and severally, pay restitution, offer rescission and disgorge itself of fees derived from those transactions that are the subject of the Bureau's Staff Petition for Relief.

4. Respondents are hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B;

5. Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered, including imposition of fines and penalties upon the defaulting Respondents.

SIGNED,
WILLIAM M. GARDNER
SECRETARY OF STATE
BY HIS DESIGNEE:

Dated: 11-25-09



MARK CONNOLLY, DEPUTY SECRETARY
OF STATE, AND DIRECTOR,
BUREAU OF SECURITIES REGULATION

STATE OF NEW HAMPSHIRE
BUREAU OF SECURITIES REGULATION
DEPARTMENT OF STATE
CONCORD, NEW HAMPSHIRE

)
)
STAFF PETITION FOR RELIEF)
IN THE MATTER OF:)

Eugene Morrissette,)
and GM Enterprises)

Respondents)
_____)

No. INV2009-021

STATEMENTS OF FACT

I. The Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as "the Bureau"), hereby petitions the Director, and makes the following statements of fact:

1. GM Enterprises (hereinafter referred to as "GM") operates pyramid schemes controlled by Eugene Morrissette (hereinafter referred to as "EM") the principal of GM located at 114 Ladd Hill Road, Belmont, New Hampshire 03220-3018. GM and EM run two pyramid schemes consisting of the TAS Program and the 240 Plus Program. The TAS Program has three phases. In phase one, a member pays a \$25 entry fee to GM and EM. That member then sponsors two new members who sponsor two new members. Each sponsored member pays \$20.00 to GM and EM totaling \$120.00. Of the \$120.00, GM and EM take \$100.00 and the sponsoring member gets \$20.00. If all six sponsored members pay they advance to phase two with an entry fee of \$80.00. Of the \$480.00 from phase two, \$440.00 goes to GM and EM and \$40.00 gets paid to the original member. If all members pay the \$80.00 and sponsor six members, they advance to phase III. If the advancing members sponsor their own 2x4 matrix and pay \$400.00 each, \$2,400.00 goes to GM and EM with the original member getting \$2,300.00 and the remainder going to GM and EM to start another cycle. (See exhibit 1)
2. The 240 Plus Program works much the same way. By paying a \$60.00 fee monthly, and by sponsoring two people as members, a member receives \$50.00 for each member monthly, and an additional \$40.00 per member more for each member thereafter starting with the third member. (see exhibit 2) By Bureau calculations, there are upwards of 500 or more investors in these programs.

3. In both programs, TAS and 240 Plus, EM and GM are responsible for the management and operation of the programs. In its marketing materials, EM and GM claim that everyone will make money, but the programs are pyramids which create a mathematical certainty that the programs will fail to deliver as promised.
4. To become a member in the EM and GM programs, a person must fill out and sign an application form and pay the required fees. Therefore, the memberships are investment contracts and a security since the memberships evidences a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party. Although a member can recruit his own downline, it is not required, and a member can pay EM and GM to build the members downline. EM and GM also collect all the money and distribute the payments to the down-line. EM and GM do all the promotion and marketing of the programs. Therefore, the efforts of EM and GM are the undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise.
5. The marketing information distributed by EM and GM boasts that all it takes is each person sponsoring just two people to be successful with the program, and they can start securing their future of much needed extra monthly income in a bad economy. What the marketing materials fail to disclose is the vice of a pyramid distribution scheme. That is that those who enter the pyramid when the market is saturated bare the greatest risk of loss. Therefore, it would be virtually impossible to disclose the prospects for success or failure since the distribution chain changes on almost a daily basis.
6. A search of the Bureau's records reveals that at the time EM and GM distributed the securities described above, EM and GM were not properly licensed to do so by the State of New Hampshire, and the securities were not registered, exempt from registration, or a federally covered security in accordance with RSA 421-B. Furthermore, a search of the Bureau's records reveals that EM is currently under a cease and desist order of the Bureau date 4/8/2002 based on similar pyramid programs.

STATEMENTS OF LAW

II. The Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, RSA 421-B, and regulations thereunder (hereinafter referred to as the Act):

1. EM and GM, are each a "Person" within the meaning of RSA 421-B:2.
2. The membership interests in the TAS and 240 Plus programs are "securities" within the meaning of RSA 421-B:2.

3. The distribution of the securities listed above constitute "sales" within the meaning of RSA 421-B:2.
4. EM and GM, are "issuer-dealers" and "agents" within the meaning of RSA 421-B:2.
5. Pursuant to RSA 421-B:3, it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly: To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. EM and GM violated this section by failing to disclose to its member investors the risks inherent in a pyramid scheme, and by misrepresenting that the GM programs can provide a steady stream of income with minimal or no effort on the part of the investor.
6. Pursuant to RSA 421-B:11, I, it is unlawful for any person to offer or sell any security in this state unless it is registered under RSA 421-B, exempt under RSA 421-B:17, or a federal covered security for which the fee has been paid and notice has been filed as required by RSA 421-B:11,I-a. EM and GM, are in violation of this section for distributing securities in New Hampshire that were not registered, exempt from registration, or federal covered securities.
7. Pursuant to RSA 421-B:6,I, it is unlawful for any person to transact business in this state as a issuer-dealer unless such person is licensed under RSA 421-B or exempt from licensing. EM and GM, are in violation of this section for transacting business in securities in New Hampshire as an unlicensed issuer-dealer and issuer-dealer agent.
8. Pursuant to RSA 421-B:17,III, the secretary of state may issue an order requiring any person who claims the benefit of an exemption with respect to a specific security, to show cause why the exemption should not be revoked. EM and GM are subject to this section.
9. Pursuant to RSA 421-B:23, whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. EM and GM, are subject to this section.
10. Pursuant to RSA 421-B:26, I, any person that knowingly violates any rule or order of the secretary of state may, upon hearing, except where another penalty is expressly provided, be subject to such suspension or revocation of any registration or license, or administrative fine not to exceed \$2,500 for each violation in lieu of or in addition to such suspension or revocation as may be applicable under this title for violation of the provision to which such rule

or order relates. EM and GM are subject to this section for violating a prior order of the Bureau to cease and desist.

11. Pursuant to RSA 421-B:26,III, any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. EM and GM are subject to a suspension, revocation, or denial, and a fine for violations of RSA 421-B:3, 421-B:6, and 421-B:11.
12. Pursuant to RSA 421-B:26,III-a, every person who directly or indirectly controls a person liable under paragraph III, every principal executive officer, or director of such person, every person occupying a similar status or performing a similar function who materially aids in the acts or transactions constituting the violation, either knowingly or negligently, may, upon hearing, and in addition to any other penalty provided by law, be subject to such suspension, revocation, or denial of any registration or license, or administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation, and such administrative action or fine may be imposed in addition to any criminal penalties imposed pursuant to RSA 421-B:24 or civil liabilities imposed pursuant to RSA 421-B:25. EM, and GM are subject to this section.
13. Pursuant to RSA 421-B:V, after notice and hearing, the Secretary of State may enter an order of rescission, restitution, or disgorgement directed to a person who has violated RSA 421-B. EM and GM are subject to this section.

RELIEF REQUESTED

III. The Bureau makes the following requests for relief in the above-referenced matter as permitted under the Act.

1. Find as fact the allegations contained in section I of the Statements of Fact.
2. Make conclusions of law relative to the allegations contained in section II of the Statements of Law.
3. Issue an order to show cause why a cease and desist order should not issue against EM and GM, to determine why the membership interests in GM should not be declared securities and why EM and GM should not be subject to the laws contained in RSA 421-B, or in the alternative issue an

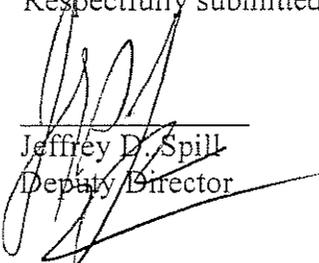
Order to Cease and Desist against EM and GM, for violations under the Act pursuant to RSA 421-B:23.

4. Assess administrative fines and penalties of \$2,500 per violation against EM and GM jointly and severally, for the above-referenced violations under the Act.
5. Issue an order denying, suspending, and revoking, any license and securities registration privileges of the Respondents.
6. Enter an order requiring restitution, rescission and or disgorgement of illegally obtained investment funds.
7. Take any other just and equitable relief as permitted under the Act such as rescission, restitution, or disgorgement.

RIGHT TO AMEND

The Bureau's staff reserves the right to amend this Petition for Relief and requests that the Director of Securities Regulation take further enforcement action.

Respectfully submitted by:



Jeffrey D. Spill
Deputy Director

11/24/09
Date

**STATE OF NEW HAMPSHIRE
BUREAU OF SECURITIES REGULATION
DEPARTMENT OF STATE**

IN THE MATTER OF:)	
)	DEFAULT ORDER
Eugene Morrissette, and)	
GM Enterprises)	INV2009-021
)	

WHEREAS, an Order to Cease and Desist and Order to Show Cause in the above entitled matter was issued on November 25, 2009, and

WHEREAS, said Order contained a notice that failure to respond within 30 days of receipt of the Order shall result in a default judgment being entered and the penalties requested in the Staff Petition being imposed by default, and

WHEREAS, finding that service on the Respondent was made by Certified U.S. Mail on December 1, 2009, and

WHEREAS, finding that no response was received by December 31, 2009,

THEREFORE, it is hereby ORDERED that:

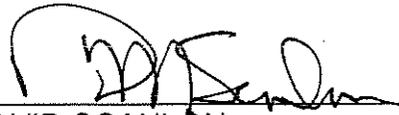
1. The Respondents are in default of the Order dated November 25, 2009.
2. The relief requested in the Staff Petition dated November 24, 2009 is granted by default.
3. This default order became permanent by operation of law on January 1, 2010.
4. Fines and penalties consistent with the Staff Petition for Relief is imposed by default.

5. Respondents shall jointly and severally pay restitution, offer rescission and disgorge itself of fees derived from those transactions that are the subject of the Bureau's Staff Petition for Relief.

SIGNED,

WILLIAM M. GARDNER
SECRETARY OF STATE
BY HIS DESIGNEE:

Dated: 1/6/10



DAVID SCANLAN
DEPUTY SECRETARY OF STATE