

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:)	
)	
)	
Eugene Morrissette,)	
)	File No. 1000256
GM Enterprises, and its partners,)	
members, officers, directors, agents,)	
employees, affiliates, successors and)	
assigns.)	

ORDER OF PROHIBITION

TO THE RESPONDENTS: Eugene Morrissette
114 Ladd Hill Road
Belmont, NH 03220-3018

GM Enterprises
c/o Eugene Morrissette
114 Ladd Hill Road
Belmont, NH 03220-3018

WHEREAS, a Temporary Order of Prohibition was issued by the Illinois Secretary of State, on May 31, 2011, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois for a maximum period of ninety (90) days.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order of Prohibition shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Respondents **Eugene Morrissette** and **GM Enterprises** have failed to request a hearing on the matters contained in the Temporary Order of Prohibition within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

FRAUD IN THE OFFER AND SALE OF SECURITIES

1. Respondent **Eugene Morrissette** (“Morrissette”) is an individual with a last known address of 114 Ladd Hill Road, Belmont New Hampshire 03220-3018.
2. Morrissette is the Principal of Respondent **GM Enterprises**, an entity with a last known address of 114 Ladd Hill Road, Belmont New Hampshire 03220-3018.
3. On November 25, 2009, the State of New Hampshire, Department of State, Bureau of Securities Regulation entered an Order to Cease and Desist and an Order to Show Cause against Respondents Morrissette and GM Enterprises in connection with the fraudulent offer and sale of securities in that state.
4. The November 25, 2009 Order to Cease and Desist and the Order to Show Cause incorporated the Statements of Fact and Statements of Law from a Staff Petition for Relief that was issued on November 24, 2009. Among other facts, the Staff Petition for Relief made the following factual allegations:
 - a. 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 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 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.
 - b. 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. By Bureau calculations, there are upwards of 500 or more investors in these programs.
 - c. In both programs, TAS and 240 Plus, EM and GM are responsible for the management and operations 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.

- d. 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.
 - e. 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 bear 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.
5. Additionally, the Statements of Law section of the Staff Petition for Relief alleged, *inter alia*, that the programs offered by Morrissette and GM Enterprises were fraudulent:
- 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 light of the circumstances under which they were 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. At least 17 Illinois investors participated in the fraudulent investment programs offered and sold by Morrissette and GM Enterprises.
 7. Morrissette and GM Enterprises had an opportunity to request a hearing on the allegations made by the New Hampshire Bureau of Securities Regulation, and failed to make such a request. As such, a final Order was entered by the Bureau of Securities Regulation against Morrissette and GM Enterprises that made the Order to Cease and Desist permanent.
 8. Furthermore, the entry of the final Order against Morrissette and GM Enterprises constituted a final determination of the issues presented in the Bureau of Securities

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Regulation's Order to Cease and Desist and gives sufficient basis for the entry of this Temporary Order of Prohibition.

9. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
10. Section 12.F of the Act states that it shall be a violation of the provisions of this Act for any person to, engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
11. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, "obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
12. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, "employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly."

OFFER AND SALE OF UNREGISTERED SECURITIES

13. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or qualification prior ... to their offer or sale" in the State of Illinois.
14. Morrisette, both personally and as the Principal of GM Enterprises, failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
15. Furthermore, Morrisette, both personally and as the Principal of GM Enterprises, failed to file any notice filings with the Secretary of State claiming that the securities being offered were exempt from registration.
16. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
17. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.

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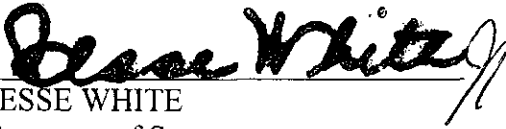
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WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusions of Law as follows:

1. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
2. Respondents **Eugene Morrissette** and **GM Enterprises** violated Sections 12.A, 12.D, 12.F, 12.G and 12.I of the Act.
3. Respondents **Eugene Morrissette** and **GM Enterprises** and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns are subject to, pursuant to Section 11.F of the Act, an Order which permanently prohibits them from offering or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to Section 11.F of the Act, Respondents **Eugene Morrissette** and **GM Enterprises** and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns are hereby **PROHIBITED** from offering or selling any securities in or from the State of Illinois.

Dated: This 1st day of July, 2011.


JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, {735 ILCS 5/3-101 *et seq.*} and the Rules and Regulations of the Illinois Securities Act, {14 Ill. Admin. Code Ch. 1, Section 130.1123}. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

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