

NEW APPLICATION



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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission

DOCKETED

SEP 30 2004

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AZ CORP. COMMISSION
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In the matter of:
NOEL EUGENE CULLISION and BARBARA CULLISION, husband and wife,
3108 East Siesta Lane
Phoenix, AZ 85050
SOLUTIONS, SOURCES, & CONSULTING, LLC
3108 East Siesta Lane
Phoenix, AZ 85050
ENERGY SAVINGS SOLUTION, INC.
3108 East Siesta Lane
Phoenix, AZ 85050
Respondents.

DOCKET NO. S-03566A-04-0000

NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, and the Securities Act.

1 **II.**

2 **RESPONDENTS**

3 2. Respondent Noel Eugene Cullison resides at 3108 East Siesta Lane, Phoenix, AZ
4 85050.

5 3. Respondent Solution, Sources, and Consulting, LLC ("SSC") is an Arizona limited
6 liability company, located at 3108 East Siesta Lane, Phoenix, AZ 85050. Cullison formed SSC
7 and is a member of it.

8 4. Respondent Energy Savings Solution, Inc. ("ESS") is an Arizona corporation, located
9 at 3108 East Siesta Lane, Phoenix, AZ 85050. Cullison is ESS's president, secretary and treasurer.
10 The Commission administratively dissolved ESS on July 6, 2004, for failure to file its annual report.

11 5. Barbara Cullison was at all relevant times the spouse of Cullison. Barbara Cullison
12 is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of
13 the marital community.

14 6. At all times relevant, Cullison was acting for his own benefit, and for the benefit or
15 in furtherance of the marital community.

16 7. Cullison, SSC and ESS may be collectively referred to as "Respondents." Barbara
17 Cullison may be referred to as Respondent Spouse.

18 **III.**

19 **FACTS**

20 8. Beginning in 1994, Respondents offered stock, promissory notes or investment
21 contracts to investors. Respondents raised at least \$1,700,000 from at least 16 investors, most of
22 whom are Arizona residents.

23 9. Cullison was an Arizona licensed insurance agent for Northwest Mutual Life
24 Insurance Company ("Northwestern Mutual") until July 2001 when he failed to renew his license.
25 Most of the investors were clients of Northwestern Mutual and Cullison.

1 10. Cullison offered several investment opportunities to the investors. With one
2 investment, he told investors that he had a personal investment account at Northwestern Mutual that
3 paid 8.8%. He told investors that if they provided him funds, he would place their funds in his
4 account and pay them that interest. Those investors who accepted this opportunity received a
5 promissory note signed by Cullison for the amount invested. Cullison did not provide any
6 documents to investors regarding the alleged account at Northwestern Mutual. In fact, Cullison had
7 no such account at Northwestern Mutual in which he could place investor funds.

8 11. Cullison told other investors that his company, SSC, had contracts to provide ice
9 machines to U.S. Navy ships in San Diego, California. He told investors that SSC would use the
10 funds as capital for the company, to build facilities to service the contracts or to purchase the
11 machines to be sold to the Navy. Upon information and belief, SSC had no contracts to provide any
12 equipment or services to the Navy.

13 12. Cullison solicited other investors with an investment opportunity in ESS. He told
14 them that ESS, which he owned, was marketing a product which would prevent power surges in
15 electrical current to buildings. Cullison offered stock in ESS to prospective investors. At least
16 one investor received a letter confirming that he owned a percentage of the company, although no
17 shares were issued to him. Other investors in ESS received notes signed by Cullison.

18 13. Cullison told other investors that he had the opportunity to broker the sale of a group
19 of nursing homes in the Midwest. He informed the investors that he would receive a fee upon the
20 completion of the transaction. He told them that he would use to money from investors to fund
21 expenses incurred in attempting to arrange the sale.

22 14. Some of the investors, at Cullison's suggestion, took money out of Northwestern
23 Mutual life insurance policies that they owned to invest with Respondents. At least some of the
24 investors did not realize that they were borrowing money from their insurance policy and would be
25 charged interest by Northwestern Mutual for their policy loans.

26

IX.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if any Respondent or Respondent Spouse requests a hearing, Respondent or Respondent Spouse must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice of Opportunity for Hearing. A Docket Control cover sheet must accompany the Answer. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

Additionally, Respondent or Respondent Spouse must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Mark Dinell.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of each Respondent, Respondent Spouse or Respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When Respondent or Respondent Spouse intends in good faith to deny only a part or a qualification of an allegation, Respondent or Respondent Spouse shall specify that part or qualification of the allegation and shall admit the remainder. Respondent or Respondent Spouse waives any affirmative defense not raised in the answer.

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