

OPEN MEETING ITEM

1/26/05



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



ORIGINAL

BRIAN C. McNEIL
EXECUTIVE SECRETARY

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Jeff Hatch-Miller, Chairman
William A. Mundell
Marc Spitzer
Mike Gleason
Kristin K. Mayes

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION
DOCUMENT CONTROL

2005 JAN 12 P 4: 55

RECEIVED

FROM: Matthew J. Neubert
Director of Securities

JAN 12 2005

DATE: January 11, 2005

DOCKETED BY

RE: Proposed Order re: Noel Cullison, Barbara Cullison, Solutions, Sources, & Consulting, LLC and Energy Savings Solution, Inc., S-03566A-04-0000

CC: Brian C. McNeil, Executive Secretary

Attached is a proposed Default Order for Noel Cullison, Barbara Cullison, Solutions, Sources, & Consulting, LLC ("SSC") and Energy Savings Solution, Inc. ("ESS") (collectively "Respondents"). The Order requires Noel Cullison, SSL and ESS to cease and desist their activity, for Respondents to pay restitution of \$1,179,186.01 and a penalty of \$50,000.

Beginning in 1994, Respondents offered stock, promissory notes or investment contracts to investors. Respondents raised \$1,753,419.29 from 16 investors, most of whom are Arizona residents. Cullison was an Arizona licensed insurance agent for Northwest Mutual Life Insurance Company ("Northwestern Mutual") until July 2001 when he failed to renew his license. Most of the investors were clients of Northwestern Mutual and Cullison. Cullison offered several investment opportunities to the investors including claims of high paying savings plans, investments in his companies that he alleged had contracts with the U.S. Navy or had a product which would prevent electrical power surges. Some of the investors, at Cullison's suggestion, took money out of Northwestern Mutual life insurance policies that they owned in order to invest with Respondents. At least some of the investors did not realize that they were borrowing money from their insurance policy and would be charged interest by Northwestern Mutual for their policy loans.

Respondents did not provide any of the investors with prospectuses, financial statements or other documents disclosing risk. Investor funds for all the different investments were deposited

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in Cullison's personal account. Interest was paid to some investors from income Cullison earned in his insurance business, from investors' own principal or from additional investor funds. Much of the money raised by Respondents was used for Cullison's personal living expenses.

Certain investors complained or brought suit against Northwestern Mutual, alleging its responsibility for the actions of Cullison. Northwestern Mutual has settled many of these complaints and lawsuits, paying investors some of the amounts lost due to the actions of Respondents. Investors have received back \$574,227.28, principally from Northwestern Mutual. Therefore, Respondents owe investors \$1,179,186.01 in principal.

The Order finds that Respondents violated A.R.S. § 44-1841 and 44-1842 by selling unregistered securities while being unlicensed. It also finds that they committed numerous violations of A.R.S. § 44-1991. Pursuant to A.R.S. § 44-1999, Cullison is found to have controlled SSC and ESS and is thus responsible for their activities.

Respondents, although served, have apparently chosen to disregard the Commission's Notice and have not requested a hearing on the matter nor filed an answer. The Securities Division recommends the Commission enter the proposed default order against them.

Originator: Mark Dinell

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of:)	DOCKET NO. S-03566A-04-0000
NOEL EUGENE CULLISON and BARBARA CULLISON, husband and wife, 3108 East Siesta Lane Phoenix, AZ 85050)	DECISION NO. _____
SOLUTIONS, SOURCES, & CONSULTING, LLC 3108 East Siesta Lane Phoenix, AZ 85050)	ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AGAINST NOEL EUGENE CULLISON and BARBARA CULLISON, SOLUTIONS, SOURCES, & CONSULTING, LLC AND ENERGY SAVINGS SOLUTION, INC.
ENERGY SAVINGS SOLUTION, INC. 3108 East Siesta Lane Phoenix, AZ 85050)	
Respondents.)	

On September 30, 2004, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order To Cease and Desist, Order for Restitution, for Administrative Penalties and for Other Affirmative Relief ("Notice") with respect to Respondents Noel Cullison, Barbara Cullison, Solutions, Sources, & Consulting, LLC ("SSL") and Energy Savings Solution, Inc. ("ESS") (collectively "Respondents"). The Division served the Notice on the Respondents via certified mail, return receipt requested. Respondents received the Notice on October 14, 2004. The Notice specified that the Respondents would be afforded an opportunity for an administrative hearing regarding this

1 matter upon filing a written request with Docket Control of the Commission within ten days of
2 receipt of the Notice. The Respondents failed to request a hearing within the required time.

3 **I.**

4 **FINDINGS OF FACT**

5 1. Respondent Noel Eugene Cullison ("Cullison") resides at 3108 East Siesta Lane,
6 Phoenix, AZ 85050.

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

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

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

16 5. At all times relevant, Cullison was acting for his own benefit, and for the benefit or
17 in furtherance of the marital community.

18 6. Cullison, SSC and ESS may be collectively referred to as "Cullison Respondents."
19 Barbara Cullison may be referred to as Respondent Spouse.

20 7. Beginning in 1994, the Cullison Respondents offered stock, promissory notes or
21 investment contracts to investors. The Cullison Respondents raised \$1,753,419.29 from 16
22 investors, most of whom are Arizona residents.

23 8. 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 not comply with this order for administrative penalties, any outstanding balance may be deemed in
2 default and shall be immediately due and payable without notice or demand.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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7 CHAIRMAN

COMMISSIONER

COMMISSIONER

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9
10 COMMISSIONER

COMMISSIONER

11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
12 Executive Secretary of the Arizona Corporation
13 Commission, have hereunto set my hand and caused the
14 official seal of the Commission to be affixed at the
15 Capitol, in the City of Phoenix, this _____ day of
16 _____, 2005

17 _____
18 BRIAN C. McNEIL
19 Executive Secretary

20 _____
21 DISSENT

22 _____
23 DISSENT

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
25 to the Executive Secretary, voice phone number 602-542-3931, E-mail lhogan@cc.state.az.us.
26 (md)