

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

Arizona Corporation Commission
DOCKETED

JUN 09 2005

DOCKETED BY [Signature]

In the matter of:
SCOTT ERICK LANGFITT, individually
10175 Hoover Woods Road
Galena, OH 43021
CRD# 1695817
Respondent.

DOCKET NO. S-03576A-04-0000

DECISION NO. 67930

ORDER TO CEASE AND DESIST, ORDER
FOR ADMINISTRATIVE PENALTIES, AND
ORDER OF REVOCATION AGAINST
RESPONDENT

On December 22, 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, for Administrative Penalties, of Revocation, and for Other Affirmative Action ("Notice") with respect to Respondent SCOTT ERICK LANGFITT ("Langfitt" or "Respondent"). The Division served the Notice on Respondent via certified mail, return receipt requested, on January 3, 2005. The Notice specified that Respondent would be afforded an opportunity for an administrative hearing regarding this matter upon filing a written request with Docket Control of the Commission within ten days of receipt of the Notice. Respondent failed to request a hearing within the required time.

On February 7, 2005, an Ohio attorney sent a letter of representation on behalf of Respondent to the Division, which the Division filed with the Commission. Respondent's counsel neither filed a request for hearing nor an Answer to the allegations contained in the Notice. On February 18, 2005, Administrative Law Judge Marc E. Stern issued a procedural order extending the deadline for 45 days for Respondent to file a request for hearing, and/or take other appropriate action, to enable Respondent's out-of-state counsel to file a Motion and Consent for Admission Pro

1 Hac Vice. The procedural order instructed Respondent to take appropriate action within the  
2 prescribed time period or Respondent would be in default, and the Division to submit a proposed  
3 final Order to the Commission for its approval at Open Meeting. Respondent again failed to  
4 request a hearing or to take any other appropriate action within the required time period.

5 **I.**

6 **FINDINGS OF FACT**

7 1. Langfitt's last known address is 10175 Hoover Woods Road, Galena, Ohio 43021.

8 2. From on or about January 30, 1998 until he was discharged on or about September 9,  
9 2004, Langfitt, NASD CRD No. 1695817, was registered as a securities salesman in Arizona in  
10 association with securities dealer Wachovia Securities, LLC ("Wachovia"). Langfitt's Arizona  
11 securities salesman registration automatically suspended on the date of his termination with  
12 Wachovia and terminated on December 31, 2004. Langfitt is not currently associated with any  
13 securities dealer.

14 3. On or about November 15, 2003, Langfitt, operating out of Ohio, solicited an Arizona  
15 resident who had been his customer for 10 years to invest \$58,250 in securities in the form of  
16 public housing municipal bonds of the "Louisville Kentucky Redevelopment Authority" (the  
17 "Bonds").

18 4. Langfitt represented to the customer that the Bonds paid interest at 7.75%, and advised  
19 her that the investment was a better way to use her monies held in a money market account with  
20 Wachovia paying less than 1% interest. Langfitt represented that the investment would be insured by  
21 Lloyds of London and secured by the municipality, which was working with the Federal Housing  
22 Authority and the Department of Housing and Urban Development. Langfitt represented that the  
23 customer could take interest semi-annually, or let the interest be compounded and at maturity, 2010,  
24 her investment would pay \$100,000.

25 5. Langfitt provided the customer a document purporting to be a "Wachovia Securities  
26 Supplemental Account Statement," which was not a bona fide business record of Wachovia.



1 5. Langfitt's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

2 6. Langfitt's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

3 7. Langfitt's conduct is grounds to revoke Langfitt's registration as a securities salesman  
4 with the Commission pursuant to A.R.S. § 44-1962.

5 **III.**

6 **ORDER**

7 THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the  
8 Commission finds that the following relief is appropriate, in the public interest, and necessary for the  
9 protection of investors:

10 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Langfitt, his agents, employees,  
11 successors and assigns, permanently cease and desist from violating the Securities Act.

12 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Langfitt shall pay an  
13 administrative penalty in the amount of \$20,000. Payment shall be made in full by cashier's check  
14 or money order on the date of this Order, payable to the "State of Arizona." Any amount  
15 outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid  
16 in full. If Langfitt does not comply with this order for administrative penalties, any outstanding  
17 balance may be deemed in default and shall be immediately due and payable without notice or  
18 demand.

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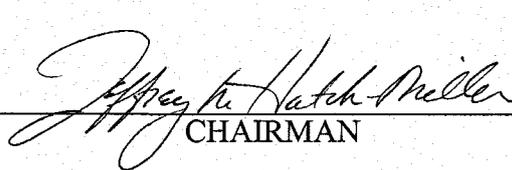
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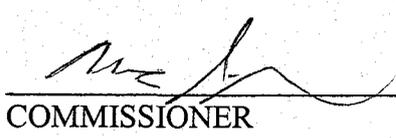
1 IT IS FURTHER ORDERED that Langfitt's registration as a securities salesman is revoked  
2 pursuant to A.R.S. § 44-1962.

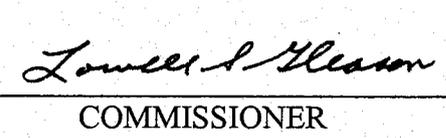
3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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6   
7 CHAIRMAN

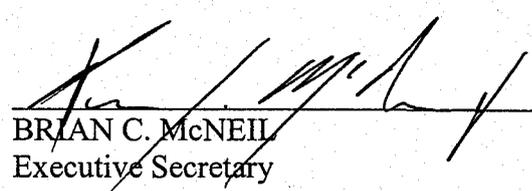
  
COMMISSIONER

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10 COMMISSIONER

  
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COMMISSIONER

11 IN WITNESS WHEREOF, I, BRIAN C.  
12 McNEIL, Executive Secretary of the Arizona  
13 Corporation Commission, have hereunto set my  
14 hand and caused the official seal of the  
15 Commission to be affixed at the Capitol, in the  
16 City of Phoenix, this 9<sup>th</sup> day of  
17 June, 2005.

18   
19 BRIAN C. McNEIL  
20 Executive Secretary

21 \_\_\_\_\_  
22 DISSENT

23 \_\_\_\_\_  
24 DISSENT

25 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant  
26 to the Executive Secretary, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov)

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