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MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

BRIAN C. McNEIL  
EXECUTIVE SECRETARY

8/25/05  
ORIGINAL



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

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

**FROM:** Matthew J. Neubert *mjn*  
Director of Securities

**DATE:** August 3, 2005

**RE:** Order of Denial, Arkad Investment Services, Inc. (S-03598A-05-0000)

**CC:** Brian C. McNeil, Executive Secretary

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On September 30, 2004, Arkad Investment Services, Inc. ("Arkad") applied for licensure as an investment adviser in Arizona. In its application Arkad disclosed a Maricopa County Grand Jury indictment against David Medansky, President of Arkad, for seven (7) felony counts of identity theft, forgery, and theft. On February 23, 2005, before the Maricopa County Superior Court, David Medansky pled guilty to taking the identity of another, a class 4 felony, and to theft, a class 3 felony. Medansky was sentenced to five months in jail followed by four years of concurrent, supervised probation.

On June 15, 2005, the Securities Division filed a Notice of Opportunity to Arkad Investment Services, Inc., dba Arkad Investment Services, alleging that Arkad had engaged in acts, practices and transactions that constituted grounds to deny its application for investment adviser licensure under the Investment Management Act. Specifically, Medansky's conduct was grounds to deny Arkad's application as an investment adviser.

On June 16, 2005, the Notice was served on Respondent by serving David Medansky, President. Service was also made by certified mail, return receipt requested. 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. Arkad failed to request a hearing or to answer the Notice within the required time periods.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 JEFF HATCH-MILLER, Chairman  
4 WILLIAM A. MUNDELL  
5 MARC SPITZER  
6 MIKE GLEASON  
7 KRISTIN K. MAYES

In the matter of:	)	DOCKET NO. S-03598A-05-0000
ARKAD INVESTMENT SERVICES, INC.	)	
dba Arkad Investment Services	)	DECISION NO. _____
13236 North 7 <sup>th</sup> Street, Suite No. 4288	)	
Phoenix, AZ 85022	)	
Respondent.	)	<b>ORDER OF DENIAL</b>

11  
12 On June 15, 2005, the Securities Division ("Division") of the Arizona Corporation  
13 Commission ("Commission") filed a Notice of Opportunity ("Notice") to Arkad Investment  
14 Services, Inc. dba Arkad Investment Services ("Respondent") alleging that Arkad has engaged in  
15 acts, practices and transactions that constitute grounds to deny its application for investment adviser  
16 licensure under the Investment Management Act ("IM Act").

17 On June 16, 2005, the Notice was served on RESPONDENT by serving David Medansky,  
18 President. Service was also made by certified mail, return receipt requested. The Notice specified  
19 that Respondent would be afforded an opportunity for an administrative hearing regarding this  
20 matter upon filing a written request with Docket Control of the Commission within ten days of  
21 receipt of the Notice. RESPONDENT failed to request a hearing within the required time.

22 **I.**

23 **FACTS**

24 1. RESPONDENT failed to request a hearing or to answer the Notice within the  
25 required time.

26 ...

1           2.     At all relevant times, David Medansky was the President of RESPONDENT.

2           3.     ARKAD INVESTMENT SERVICES, INC. is an Arizona corporation, incorporated  
3 August 30, 2004, whose business address is 13236 North 7<sup>th</sup> Street, Suite No. 4288, Phoenix, AZ  
4 85022.

5           4.     On or about September 30, 2004, the Division received notice through the  
6 Investment Advisory Registration Depository system (IARD) that RESPONDENT sought  
7 licensure in Arizona as an investment adviser. The IARD is a central information depository  
8 maintained by the National Association of Securities Dealers that is used by state and federal  
9 securities regulators for the registration and licensing of investment advisers.

10          5.     In its application for licensure as an investment adviser, RESPONDENT disclosed a  
11 Maricopa County Grand Jury indictment against David Medansky, President of RESPONDENT,  
12 for seven (7) felony counts of identity theft, forgery, and theft.

13          6.     On October 20, 2004, the Division advised RESPONDENT in writing of  
14 deficiencies in its application for licensure. In the written notification of deficiencies, the Division  
15 also requested court documents relating to the indictment against David Medansky.

16          7.     On November 26, 2004, the Division received notification through the IARD  
17 system that RESPONDENT had requested to be registered with the Securities and Exchange  
18 Commission ("SEC") as a federal investment adviser.

19          8.     On January 3, 2005, the Division received notification through the IARD system  
20 that RESPONDENT was registered with the SEC as a federal investment adviser.

21          9.     On February 23, 2005, before the Maricopa County Superior Court, David  
22 Medansky pled guilty to taking the identity of another, *a class 4 felony*, and to theft, *a class 3*  
23 *felony*.

24          10.    On May 16, 2005, RESPONDENT withdrew its investment adviser registration with  
25 the Securities and Exchange Commission.

26



1 IT IS ORDERED, pursuant to A.R.S. § 44-3201, that RESPONDENT'S application as an  
2 investment adviser is denied.

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

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

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7 \_\_\_\_\_  
8 CHAIRMAN

COMMISSIONER

9  
10 \_\_\_\_\_  
11 COMMISSIONER

COMMISSIONER

COMMISSIONER

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

19 \_\_\_\_\_  
20 BRIAN C. McNEIL  
21 Executive Director

22 \_\_\_\_\_  
23 DISSENT

24 \_\_\_\_\_  
25 DISSENT

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

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