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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

MAY 01 2002

DOCKETED BY

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

In the matter of)
MICHELLE L. WEBB)
d.b.a. Webb Financial Group)
a.k.a. Michelle Webb Financial Group)
1511 East Gaffney)
New River, Arizona 85087)
CRD # 2565381,)
Respondent.)

DOCKET NO. S-03408A-01-0000

DECISION NO. 64783

ORDER TO CEASE AND DESIST, ORDER OF REVOCATION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME

MICHELLE L. WEBB ("WEBB") elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order Of Revocation, Order For Administrative Penalties and Consent To Same ("Order"). WEBB admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of this proceeding and any other administrative proceeding before the Commission or any other agency of the State of Arizona, and not for purposes of any civil proceeding, the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. WEBB conducted securities business under the name Webb Financial Group and subsequently under the name Michelle Webb Financial Group, both sole proprietorships, from on or about June 1, 1999, to June 15, 2000. Her office was located in Prescott, Arizona. WEBB and ...

1 her sole proprietorships will be collectively referred to as "WEBB." WEBB'S last known address
2 is 1511 East Gaffney, New River, Arizona, 85087.

3 2. From on or about April 1, 1998, to May 31, 1999, WEBB worked at The Chamber
4 Group, Inc. in Prescott, Arizona. The Commission has entered an Order To Cease and Desist
5 against The Chamber Group and its principals for violations of the Securities Act and for
6 restitution. That order finds that those respondents sold unregistered securities in the form of
7 brokered certificates of deposit ("CD's"), viatical contracts, and tax lien certificates, and that their
8 conduct with respect to the sale of these securities constituted securities fraud.

9 **A. Brokered Certificates of Deposit**

10 3. From on or about July 14, 1998, to November 4, 1999, WEBB offered and sold CD's
11 within or from Arizona to at least 100 investors. These CD's were fractionalized meaning that
12 investors purchased a fraction of a jumbo certificate of deposit issued by a bank. WEBB'S
13 customers invested approximately \$5,031,000 in these CD's. These CD's were brokered and sold
14 through San Clemente Securities, Inc. ("SCS"), formerly a securities dealer located in California.
15 The National Association of Securities Dealers, Inc. took action against SCS and its principals
16 regarding material misstatements and omissions involved in the offer and sale of CD's. These
17 CD's were securities that were neither registered nor exempt from registration in Arizona.

18 4. WEBB promoted these CD's to investors as being one-year CD's with guaranteed
19 safety of principal. WEBB failed to disclose to most investors that the maturity date of the CD's
20 ranged from 15 to 20 years.

21 5. WEBB told investors that these CD's could be liquidated after being held for at least
22 one year without loss of principal and without early withdrawal penalties. However, investors did
23 incur loss of principal and early withdrawal penalties when they liquidated their CD's after holding
24 them for at least one year. WEBB failed to disclose to investors that SCS created and controlled
25 the secondary market in which SCS' CD's were sold upon liquidation.

26 ...

1 6. WEBB failed to disclose to investors that sales commissions and custodial fees were
2 deducted "up front" from the investor's principal, thus reducing the amount of principal actually
3 invested. WEBB also failed to disclose to investors the dollar amount of these sales commissions
4 and custodial fees.

5 **B. Tax Lien Certificates And Real Estate Opportunity Properties**

6 7. From on or about August 26, 1998, to December 7, 1999, WEBB offered and sold
7 investments in a Tax Lien Certificate program and investments in a Real Estate Opportunity
8 Properties program within or from Arizona to at least 12 investors. WEBB'S customers invested
9 approximately \$587,000 in these two investment programs. These programs were marketed by
10 TLC America, Inc. ("TLC"), a California corporation. These investment programs were securities
11 that were neither registered nor exempt from registration in Arizona.

12 8. TLC was a company that invested in tax lien certificates, tax deeds, and real property
13 throughout the United States. WEBB and TLC promoted these investment programs as safe, liquid,
14 fixed-rate investments. WEBB promised investors guaranteed principal and a guaranteed fixed rate of
15 return typically ranging from 10% to 14%. In fact, principal and interest were not guaranteed.

16 9. On October 5, 2000, the Securities and Exchange Commission obtained a temporary
17 restraining order and asset freeze against TLC, entities affiliated with TLC, and some of the principals
18 of TLC. On that same date, a Temporary Receiver was appointed over the assets of the company and
19 its affiliates. On November 1, 2000, a preliminary injunction was issued making permanent the
20 appointment of the Receiver. To date, the TLC Receiver has made three distributions to investors and
21 expects to ultimately return approximately 50% of investors' principal.

22 10. TLC and its investment programs were a Ponzi scheme according to the opinion of the
23 Receiver. In addition, some of the money TLC received from investors was not used for the purpose
24 it was invested. Part of investors' money was spent to invest in a prime bank scheme, buy racehorses,
25 make charitable donations, and for other misappropriations.

26 ...

1 11. WEBB failed to disclose to investors risks associated with investments in the Tax Lien
2 Certificate and Real Estate Opportunity Properties programs such as the risk that TLC may not
3 correctly evaluate investment opportunities and the effect of changing economic factors such as
4 interest rates. WEBB failed to disclose to investors commissions paid to her and commissions and
5 fees paid to TLC.

6 C. Viatical Contracts

7 12. From on or about July 9, 1999, to October 14, 1999, WEBB offered and sold viatical
8 contracts within or from Arizona to at least eight investors. WEBB'S customers invested
9 approximately \$233,000 in viatical contracts. These viatical contracts were sold through Trade
10 Partners, Inc. ("TPI"), a Michigan corporation. These viatical contracts were securities that were
11 neither registered nor exempt from registration in Arizona.

12 13. WEBB advertised these viatical contracts as safe, high-yield investments with
13 guaranteed principal and interest. In fact, the return of principal and interest on these viatical
14 contracts was not guaranteed.

15 14. WEBB failed to disclose to investors: that they had no access to or opportunity to
16 review the medical records or insurance policies of viators; that investors' annualized return could
17 be significantly reduced if TPI, its affiliate, or independent contractor failed to properly evaluate
18 the viator's health and insurance policy; and, that the insurer could become insolvent before the
19 death benefit is paid and the investor could lose all or a portion of his or her investment funds.

20 II.

21 CONCLUSIONS OF LAW

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

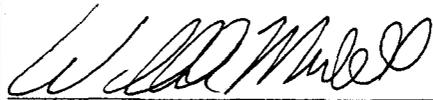
24 2. WEBB offered or sold securities within or from Arizona, within the meaning of A.R.S.
25 §§ 44-1801(15), 44-1801(21), and 44-1801(26).

26 ...

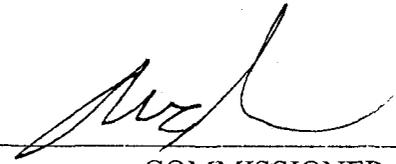
1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that WEBB'S securities
2 salesperson registration is revoked.

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

COMMISSIONER

8 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
9 Executive Secretary of the Arizona Corporation
10 Commission, have hereunto set my hand and caused the
11 official seal of the Commission to be affixed at the
12 Capitol, in the City of Phoenix, this 1ST day of
13 MAY, 2002.

14 

BRIAN C. McNEIL
Executive Secretary

15
16 _____
DISSENT

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18 This document is available in alternative formats by contacting Shelly M. Hood, Executive
19 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail
20 shood@cc.state.az.us.

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CONSENT TO ENTRY OF ORDER

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2 1. WEBB, an individual, admits the jurisdiction of the Commission over the subject
3 matter of this proceeding. WEBB acknowledges that she has been fully advised of her right to a
4 hearing to present evidence and call witnesses and WEBB knowingly and voluntarily waives any
5 and all rights to a hearing before the Commission and all other rights otherwise available under
6 Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. WEBB
7 acknowledges that this Order To Cease And Desist, Order Of Revocation, Order For
8 Administrative Penalties And Consent To Same ("Order") constitutes a valid final order of the
9 Commission.

10 2. WEBB knowingly and voluntarily waives any right under Article 12 of the Securities
11 Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the
12 entry of this Order.

13 3. WEBB acknowledges and agrees that this Order is entered into freely and voluntarily
14 and that no promise was made or coercion used to induce such entry.

15 4. WEBB acknowledges that she has chosen not to be represented by counsel at the
16 current time, even though she was previously represented by counsel in this matter. WEBB also
17 acknowledges that she has reviewed this Order on her own and understands all the terms it
18 contains.

19 5. WEBB admits, only for purposes of this proceeding and any other administrative
20 proceeding before the Commission or any other agency of the state of Arizona, and not for
21 purposes of any civil proceeding, the Findings of Fact and Conclusions of Law contained in this
22 Order.

23 6. By consenting to the entry of this Order, WEBB agrees not to take any action or to
24 make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
25 Fact or Conclusion of Law in this Order or creating the impression that this Order is without
26 ...

1 factual basis. WEBB will undertake steps necessary to assure that all of her agents and employees
2 understand and comply with this agreement.

3 7. While this Order settles this administrative matter between WEBB and the
4 Commission, WEBB understands that this Order does not preclude the Commission from
5 instituting other administrative proceedings based on violations that are not addressed by this
6 Order.

7 8. WEBB understands that this Order does not preclude the Commission from referring
8 this matter to any governmental agency for administrative, civil, or criminal proceedings that may
9 be related to the matters addressed by this Order.

10 9. WEBB understands that this Order does not preclude any other agency or officer of the
11 state of Arizona or its subdivisions from instituting administrative, civil or criminal proceedings
12 that may be related to matters addressed by this Order.

13 10. WEBB agrees that she will not apply to the state of Arizona for registration as a
14 securities dealer or salesman or for licensure as an investment adviser or investment adviser
15 representative at any time in the future.

16 11. WEBB agrees that she will not exercise any control over any entity that offers or sells
17 securities or provides investment advisory services, within or from Arizona.

18 12. WEBB agrees that until penalties are paid in full, WEBB will notify the Director of the
19 Securities Division within 30 days of any change in home address or any change in WEBB'S
20 ability to pay amounts due under this Order.

21 13. WEBB understands that default shall render her liable to the Commission for its costs
22 of collection and interest at the maximum legal rate.

23 14. WEBB agrees that she will continue to cooperate with the Securities Division
24 including, but not limited to, providing complete and accurate testimony at any hearing in this
25 matter and cooperating with the state of Arizona in any related investigation or any other matters
26 arising from the activities described in this Order.

1 15. WEBB consents to the entry of this Order and agrees to be fully bound by its terms and
2 conditions. If WEBB breaches any provision of this Order, the Commission may vacate this Order
3 and restore this case to its active docket.

4 
5 MICHELLE L. WEBB

6 SUBSCRIBED AND SWORN TO BEFORE me this 28th day of March, 2002.

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8 
9 NOTARY PUBLIC

10 My Commission Expires:
11 _____

 Notary Public State of Arizona
Maricopa County
Lisa Busse
Expires October 30, 2004