

CARL J. KUNASEK  
CHAIRMAN

JIM IRVIN  
COMMISSIONER

WILLIAM A. MUNDELL  
COMMISSIONER

NEW

OPEN MEETING ITEM



0000042335

ARIZONA CORPORATION COMMISSION

RECEIVED SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007-2996  
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1999 DEC 27 P 12:25

ORIGINAL

MEMORANDUM  
ARIZONA CORPORATION COMMISSION  
DOCUMENT CONTROL

**TO:** Chairman Carl J. Kunasek  
Commissioner Jim Irvin  
Commissioner William A. Mundell

**FROM:** Mark Sendrow *MS*  
Director of Securities

**DATE:** December 27, 1999

**RE:** Proposed Order to Cease and Desist and Provide Restitution and Consent to Same  
re: Melvin C. Bangle, Docket No. S-03314A-99-0000

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

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Attached is a proposed Order to Cease and Desist and Provide Restitution and Consent to Same regarding Melvin C. Bangle.

In June 1997, Bangle met with one or more Arizona residents to discuss an investment in securities in the form of a bank debenture trading program (the "Program") also referred to in solicitation documents as a West European Capital Accumulation Program. Solicitation documents describing the Program state that it is "a Money Center Instrument or Bank Debenture Purchase and Resale Program, in which monetary securities are bought at a beneficial lower price and then sold in the money markets, at a higher price." The solicitation documents go on to state that the client's funds, "are protected by a bank Guarantee, issued by one of the Top West European Banks." Bangle delivered such solicitation documents to Ebba Bernal at a meeting in her home. Bernal then gave \$15,000 for an investment in the program. In offering and selling the securities described above, Bangle violated A.R.S. §44-1841 by selling unregistered non-exempt securities and A.R.S. §44-1842 by acting as a dealer without being registered in Arizona under Article 9 of the Securities Act of Arizona (the "Act").

In connection with the offer and sale of securities described above, Bangle made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of A.R.S. §44-1991(A)(2) of the Act. Specifically, Bangle offered for sale and sold a fictitious security in the form of a bank-trading program and misrepresented his expertise in international banking. In so doing, Bangle engaged in conduct that constitutes grounds for the issuance of an order directing Bangle to cease and desist from any further violations of the Act

and which directs him to provide restitution pursuant to A.R.S. §44-2032(1), and which imposes an administrative penalty pursuant to A.R.S. §44-2036.

As a result of the above, Bangle will be ordered to cease and desist from violations of the Act, make restitution in the amount of \$15,000 to Bernal together with interest at the statutory rate of 10% per year and pay an administrative penalty of \$5,000. The Division believes this proposed order satisfactorily addresses the violations of the Act and recommends approval of this order.

Originator: Anthony Bingham

A.G. Assigned: Robert Zumoff

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK  
Chairman  
3 JIM IRVIN  
Commissioner  
4 WILLIAM A. MUNDELL  
Commissioner

5 In the matter of  
6 Melvin C. Bangle  
7 1586 West Maggio Way, Bldg. 9-1078  
8 Chandler, Arizona 85224  
9 Respondent.

)  
) DOCKET NO. S-03314A-99-0000  
)  
) DECISION NO. \_\_\_\_\_  
)  
) **ORDER TO CEASE & DESIST AND**  
) **PROVIDE RESTITUTION AND CONSENT**  
) **TO SAME**

10 **I.**

11 **INTRODUCTION**

12 Melvin C. Bangle ("Bangle") elects to permanently waive his right to a hearing and appeal under  
13 Articles 11 and 12 of the Securities Act of Arizona (the Act) with respect to this Order to Cease and Desist  
14 (Order); admits the jurisdiction of the Arizona Corporation Commission (Commission); admits the  
15 Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by  
16 the Commission.

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18 **II.**

19 **FINDINGS OF FACT**

- 20 1. Respondent Bangle's last known residential address is 1586 West Maggio Way, Bldg.  
21 9-1078, Chandler, Arizona 85224.
- 22 2. Bangle was, at all relevant times, a resident of Arizona.
- 23 3. Prior to November 1998, Bangle worked as a consultant reviewing mining properties  
24 and performing freelance work.
- 25 4. In June 1997, Bangle met with one or more Arizona residents to discuss an investment  
26 in securities in the form of a bank debenture trading program (the "Program") also referred to in

1 solicitation documents as a West European Capital Accumulation Program. Solicitation documents  
2 describing the Program state that it is "a Money Center Instrument or Bank Debenture Purchase and  
3 Resale Program, in which monetary securities are bought at beneficial lower price and then sold in the  
4 money markets, at a higher price." The solicitation documents go on to state that the client's funds,  
5 "are protected by a bank Guarantee, issued by one of the Top West European Banks." Bangle  
6 delivered such solicitation documents to Ebba Bernal at a meeting in her home.

7 5. Bangle pursued the Program at the request of Klaus Stick ("Stick"). Stick is associated  
8 with International Business & Investment Companies ("IBIC") which lists an office in Zurich  
9 Switzerland and a post office box in Dallas, Texas. Included in the Program solicitation documents is  
10 a letter from Stick to Bangle describing the substantial profit they would realize from the Program.

11 6. During the above-described meeting, Bernal gave Bangle \$15,000 in cash for  
12 investment in the Program. In return, Bangle gave Bernal a receipt, which read:

13 "I, the undersigned do hereby acknowledge receipt of Fifteen Thousand  
14 (\$15,000) from Ebba Bernal for investment into a Bank Trade Program  
15 with Klaus Stick (International Business & Investment Co.) Zurich  
Switzerland."

16 "M.C. Bangle is to use the above mentioned funds as part of the fee for  
17 leasing Ten Million Dollars (\$10,000,000) from Capital Trust of San  
Diego. Said funds to be invested with Klaus Stick."

18 "M.C. Bangle"

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III.

CONCLUSIONS OF LAW

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3 1. The Commission has jurisdiction over this matter pursuant to the Act, A.R.S. §44-1801  
4 et. seq., and Article XV of the Arizona Constitution.

5 2. Bangle offered and sold securities in the form of investments in a bank debenture trading  
6 program within the State of Arizona.

7 3. The securities referred to above were not registered under A.R.S. §§44-1871 through  
8 1875; 44-1891 through 1902; were not exempt securities under A.R.S. §44-1843 or 1843.01; were not  
9 offered or sold in exempt transactions under A.R.S. §44-1844 and were not securities exempt under  
10 any rule or order promulgated by the Commission.

11 4. The above conduct violates A.R.S. §44-1841.

12 5. In offering and selling the securities described above, Bangle violated A.R.S. §44-1842  
13 by acting as a dealer without being registered in Arizona under Article 9 of the Act.

14 6. In connection with the offer and sale of securities described above, Bangle made untrue  
15 statements of material fact or omitted to state any material fact necessary in order to make the  
16 statements made, in the light of the circumstances under which they were made, not misleading in  
17 violation of A.R.S. §§44-1991(A)(2) of the Act. In so doing, Bangle engaged in conduct that  
18 constitutes grounds for the issuance of an order directing Bangle to Cease and Desist from any further  
19 a violation of the Act and which directs him to provide restitution pursuant to A.R.S. §44-2032(1), and  
20 which imposes an administrative penalty pursuant to A.R.S. §44-2036. Specifically, Bangle offered for  
21 sale and sold a fictitious security in the form of a bank-trading program and misrepresented his  
22 expertise in international banking.

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IV.

ORDER

THEREFORE, on the basis of the Findings and Conclusions of Law, the Commission issues the following Order.

1. IT IS ORDERED, pursuant to A.R.S. §44-2032, that Bangle CEASE AND DESIST from violations of the Act, including but not limited to:

a. offering to sell or selling securities within or from the State of Arizona unless the securities are registered with the Commission pursuant to Article 6 or 7 of the Act or exempt therefrom;

b. offering to sell or selling securities within or from the State of Arizona unless prior registration as a dealer or salesman is obtained under Article 9 of the Act or unless exempt therefrom; and

c. engaging in fraudulent practices within the meaning of A.R.S. §44-1991 of the Act.

2. IT IS ORDERED, pursuant to A.R.S. §44-2032(1), that Bangle shall make monetary restitution, upon entry of this Order, in the amount of \$15,000.00 to Bernal together with interest at the statutory rate of ten percent per annum pursuant to A.A.C. R14-4-308 of the Act.

3. IT IS ORDERED, pursuant to A.R.S. §44-2036, that Bangle shall pay an administrative penalty in the amount of \$5,000.00, by cash or certified funds payable to the Treasurer of the State of Arizona for deposit into its general fund, due and payable upon entry of this Order.

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1 4. IT IS FURTHER ORDERED that this Order shall become effective immediately upon  
2 the date set forth below.

3  
4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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7 CHAIRMAN

COMMISSIONER

COMMISSIONER

8 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive  
9 Secretary of the Arizona Corporation Commission, have  
10 hereunto set my hand and caused the official seal of the  
11 Commission to be affixed at the Capitol, in the City of  
12 Phoenix, this \_\_\_\_ day of \_\_\_\_\_, 2000.

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15 \_\_\_\_\_  
16 BRIAN C. McNEIL  
17 Executive Secretary

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22  
23 DISSENT

24 (PH/AB)

25 This document is available in alternative formats by contacting Cynthia Mercurio-Sandoval, ADA  
26 Coordinator, voice phone number 602/542-0838, E-mail csandoval.cc.state.az.us.

N:\Enforce\Cases\Bangle.ph\Pleading\Consent to Cease and Desist

**CONSENT BY MELVIN C. BANGLE**

**TO THE ENTRY, BY THE CORPORATION COMMISSION, OF A  
CEASE AND DESIST ORDER, ORDER OF RESTITUTION AND  
ORDER ASSESSING AN ADMINISTRATIVE PENALTY AND WAIVER OF HEARING**

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5       1.       Respondent, Melvin C. Bangle, an individual, admits the jurisdiction of the Arizona  
6 Corporation Commission ("Commission") over the subject matter of this proceeding, and solely, with  
7 respect to this matter, knowingly and voluntarily waives any and all rights to a hearing before the  
8 Commission and all other procedures otherwise available under Article 11 of the Securities Act of  
9 Arizona (the "Act"), Title 44 and The Arizona Administrative Code. Bangle acknowledges that the  
10 accompanying Order to Cease and Desist and Provide Restitution and Consent to Same ("Order")  
11 constitutes a valid final order duly rendered by the Commission.

12       2.       Bangle knowingly and voluntarily waives any right he may have under Article 12 of the  
13 Act to judicial review by any court by way of suit, appeal or extraordinary relief resulting from the  
14 entry of this Order.

15       3.       Bangle acknowledges and agrees that this Order is entered into freely and voluntarily  
16 and that no promise was made or coercion used to induce Bangle to enter into it.

17       4.       Bangle acknowledges that he has been represented by counsel in this matter and that he  
18 has reviewed this Order with his attorney and understands all terms and obligations contained herein.

19       5.       Bangle consents to the issuance of the Findings of Fact and Conclusions of Law  
20 contained in the Order. Bangle further agrees that he shall not challenge their validity in any present or  
21 future administrative proceedings before the Commission or any other branch of state government  
22 concerning the denial or issuance of any licenses or registration required by the State in order to  
23 engage in the practice of any business or profession.

24       6.       Bangle consents to the entry of this Order and agrees to be fully bound by its terms and  
25 conditions. Bangle further acknowledges that should he fail to comply with any and all provisions of  
26 this Order, the Commission may enforce the Order and Consent in Superior Court pursuant to A.R.S.

1 §44-2036(C) or impose additional sanctions and costs and seek other appropriate relief subject to  
2 Bangle's right to a hearing pursuant to the Act.

3 7. Bangle further understands that default will render him liable to the Commission for its  
4 costs of collection and interest at the maximum legal rate.

5 8. Bangle acknowledges that this Order resolves only alleged administrative violations of  
6 the Act and that nothing contained in the Order purports to resolve any other issues which may exist  
7 between Bangle and the State. Nothing in the Order shall be construed to restrict or preclude any other  
8 agency or officer of the State of Arizona or its subdivisions from initiating other civil or criminal  
9 proceedings against Bangle, now or in the future, that may be related to the matter addressed by the  
10 Order and the Consent. Nothing in the Order shall be construed to restrict the State's right in a future  
11 proceeding to bring an action against Bangle from or related to facts not set forth in the Order.

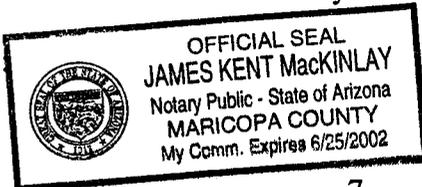
12 9. Bangle acknowledges that he has been informed and understands that the Commission  
13 or its designee, at the Commission's sole and exclusive discretion, may refer or grant access to this  
14 matter, or any information or evidence gathered in connection with this matter, to any person or entity  
15 having appropriate administrative, civil or criminal jurisdiction. Bangle acknowledges that no  
16 representations regarding the above have been made so as to induce him to enter into this Order,  
17 including the fact that no promise or representation has been made by the Commission or its designee  
18 or staff with regard to any potential criminal liability or immunity from any potential criminal liability.

19  
20 *Melvin C. Bangle*  
21 MELVIN C. BANGLE

22 SUBSCRIBED AND SWORN TO before me this 30<sup>th</sup> day of Sept., 1999.

23  
24 *[Signature]*  
25 \_\_\_\_\_  
26 Notary Public

My Commission Expires



Memorandum

RECEIVED

1999 DEC 27 P 12: 25

DATE: December 27, 1999

TO: Nancy Cole  
Docket Control

AZ CORP COMMISSION  
DOCUMENT CONTROL

NEW

FROM: Anthony Bingham  
Securities Division

RE: Melvin C. Bangle  
Docket No. S-03341A-99-0000  
Internal Routing Distribution

CC: Betty Camargo

This is to notify you that the following individuals should be copied on all docketed items for the above-mentioned case.

- Mark Sendrow
- LeRoy Johnson
- Matthew Neubert

Anthony Bingham (Staff Attorney)

**Note:** The Assistant Attorney General assigned to this matter is: Robert Zumoff.

Thank you for your cooperation in this matter.

### SECURITIES MATTERS

### OPEN MEETING PROPOSED ORDER DISTRIBUTION LIST

RESPONDENTS \_\_\_\_\_  
 DOCKET NUMBER Proposed Order to cease & desist & provide Restitution  
& consent to same letter to Melvin C. Bangle 5-033/4A-99.0000  
 TYPE OF CASE Cease & Desist STAFF \_\_\_\_\_

- SECURITIES SUBMITTED - we get Orig. & 10 copies**
  - ORIGINAL & 1 Copy - goes to Executive Secretary's Office
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  - SECURITIES DIRECTOR (Sendrow)
  - ASSISTANT ATTORNEY GENERAL - ASSIGNED PERSON
  - ASSIGNED ATTORNEY/STAFF: Neubert, Binsham
  - NANCY SCHMIDT
  - VICTOR RODARTE
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  - SECURITIES DIRECTOR (Sendrow)
  - ASSISTANT ATTORNEY GENERAL - ASSIGNED PERSON
  - NANCY SCHMIDT
  - VICTOR RODARTE
  - STAFF \_\_\_\_\_
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|----|-------------------------|----|-------|
| 1. | <u>Melvin C. Bangle</u> | 5. | _____ |
| 2. | _____                   | 6. | _____ |
| 3. | _____                   | 7. | _____ |
| 4. | _____                   | 8. | _____ |