

OPEN MEETING ITEM



0000044169

CARL J. KUNASEK
CHAIRMAN

JIM IRVIN
COMMISSIONER

WILLIAM A. MUNDELL
COMMISSIONER



RECEIVED

2000 MAR 29 P 3:19

ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007-2996
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: accsec@ccsd.cc.state.az.us

MEMORANDUM

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

FROM: Mark Sendrow *MS*
Director of Securities

DATE: March 29, 2000

RE: Proposed Order for Relief and Consent to Same: William E. Bergh dba National
Financial Group, Docket No. S-03374A-99-0000

CC: Brian C. McNeil, Executive Secretary

Arizona Corporation Commission
DOCKETED
MAR 29 2000
DOCKETED BY *[Signature]*

Attached is a proposed Order for Relief and Consent to Same, fully executed by Respondent William E. Bergh, ordering Bergh to cease and desist from violations of the Securities Act and to pay penalties for the sale of unregistered and non-exempt securities in the form of investment contracts involving the sale and/or operation of pay telephones, cash ticket machines, and a hotel long distance and operator service.

Bergh's securities salesman's registration will be revoked, and Bergh has agreed not to reapply for registration as a securities salesman or dealer, or licensing as an investment advisor or investment advisor representative in Arizona at any time in the future, pursuant to the proposed Order.

Bergh sold these securities to 20 investors, including sales while he was registered as a securities salesman under Legacy Financial Services, Inc., a registered dealer in Arizona. Bergh did not report his activity to his dealer, and the transactions were not recorded on the books and records of his dealer, as required. Bergh's employment with Legacy was terminated in May 1999, and his registration was suspended in Arizona when the Division filed its Notice in this matter.

Bergh has agreed to pay \$20,000 in penalties. This Order does not release Bergh from any fraud violations, and Bergh has agreed to cooperate with the Division in connection with any investigation or hearing regarding the allegations asserted in this matter or any related matters. To date, investors are receiving their monthly payments from these investments.

Originator: Pam Johnson
AG Assigned: Robert Zumoff

1200 WEST WASHINGTON, PHOENIX, ARIZONA 85007 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701

www.cc.state.az.us

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)

) DOCKET NO. S-03374A-99-0000

6 WILLIAM E. BERGH, individually and d/b/a)
7 NATIONAL FINANCIAL GROUP)

) DECISION NO. _____

8 13311 North 65th Drive)
Glendale, AZ 85304)

) **FINAL ORDER FOR RELIEF AND
) CONSENT TO SAME FOR
) WILLIAM E. BERGH**

9 And)
10 11024 N. 28th Drive, Ste. 200)
Phoenix, AZ 85029)
CRD 1409200)

11 THOMAS OTTO TABAT)
12 24435 N. 38th Lane)
Glendale, AZ 85310)
13 CRD 1011671,)

14 Respondents.)

15 **I.**

16 **INTRODUCTION**

17 WILLIAM E. BERGH (BERGH) d/b/a NATIONAL FINANCIAL GROUP and WORLD
18 WIDE BUSINESS OPPORTUNITIES, LLC elects to permanently waive his rights to a hearing and
19 appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, et seq. (the Act),
20 with respect to this Final Order for Relief and Consent to Same (Order); admits the jurisdiction of the
21 Arizona Corporation Commission (Commission); neither admits nor denies the Findings of Fact and
22 Conclusions of Law contained in this Order; and consents to entry of this Order by the Commission.

23 ...

24 ...

25 ...

26 ...

II.**FINDINGS OF FACT**

1
2
3 1. BERGH, whose last known address is 13311 North 65th Drive, Glendale, Arizona
4 85304, was registered with the Commission as a securities salesman with Legacy Financial Services,
5 Inc. (Legacy) from August 16, 1996, to May 6, 1999.

6 2. BERGH has been doing business as National Financial Group (NFG) since 1980, and
7 as World Wide Business Opportunities, LLC (WWBO) since September 1999. NFG's and WWBO's
8 last known address is 11024 N. 28th Drive, Ste. 200, Phoenix, Arizona, 85029. BERGH, NFG, and
9 WWBO are collectively referred to as "BERGH."

10 3. From September 1998 through October 1999, including several months of the time
11 period that BERGH was registered with Legacy, BERGH offered and sold investments including
12 securities in the form of investment contracts and/or evidences of indebtedness.

13 4. The investments were promoted as "private placements" or "business opportunities"
14 involving pay telephones and cash ticket machines, from which investors were to receive monthly
15 profits.

16 5. BERGH sold the following "private placements" or "business opportunities"
17 investments to 20 investors:

- 18 a) Pay telephones sold by B.E.E. Communications, Inc. at a unit cost of \$6,750,
19 together with Lease Agreements with ETS Payphones, Inc., for monthly
20 payments to investors of \$80.00 per month per unit.
- 21 b) Membership interests in a limited liability company, Hotel Connect LLC, for a
22 profit paid monthly from the operations of a hotel long distance and operator
23 service.
- 24 c) Cash Ticket Machine (CTM) equipment sold by World Cash Providers, LLC
25 (WCP), together with "Services Agreements" with World Cash Providers, Inc. to
26

1 operate and maintain the equipment in return for a share in the monthly profit
2 from anticipated revenue.

3 6. BERGH neither requested nor received approval from Legacy to engage in the offer or
4 sale of these investments.

5 7. BERGH's sales of these investments were not recorded on the books and records of
6 Legacy.

7 III.

8 CONCLUSIONS OF LAW

9 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
10 Arizona Constitution and pursuant to the Act.

11 2. From September 1998 through October 1999, BERGH offered and/or sold securities in
12 the form of investment contracts or evidences of indebtedness, within and/or from Arizona.

13 3. The securities referred to above were not registered under A.R.S. §§ 44-1871 through
14 44-1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been made
15 under A.R.S. § 44-3321; were not exempt under A.R.S. §§ 44-1843 or 44-1843.01; were not offered
16 or sold in exempt transactions under A.R.S. § 44-1844; and were not exempt under any rule or order
17 promulgated by the Commission. This conduct constitutes a violation of A.R.S. § 44-1841.

18 4. BERGH's conduct constitutes grounds for the Commission to order him to cease and
19 desist from violations of the Act, pursuant to A.R.S. § 44-2032.

20 5. BERGH's conduct constitutes grounds for the Commission to order penalties, pursuant
21 to A.R.S. § 44-2036.

22 6. BERGH's conduct constitutes grounds for the revocation of BERGH's registration as a
23 securities salesman with the Commission, pursuant to A.R.S. § 44-1962, based upon the following:

24 (a) BERGH has engaged in practices specified by A.R.S. § 44-1962(2) in that he
25 offered and/or sold unregistered securities in violation of A.R.S. § 44-1841.
26

(b) BERGH has engaged in practices specified by A.R.S. § 44-1962(10) and A.A.C. R14-4-130(A)(17); specifically, many of his sales of the above-described investments occurred while he was registered with Legacy but were not recorded on the books and records of Legacy.

IV.

ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission finds that the following Order is appropriate, in the public interest and necessary for the protection of investors.

1. IT IS ORDERED, pursuant to A.R.S. § 44-2032, that WILLIAM E. BERGH, individually and d/b/a NATIONAL FINANCIAL GROUP and WORLD WIDE BUSINESS OPPORTUNITIES, LLC, and any agents, servants, employees, successors, or persons in active concert or participation with them, permanently CEASE and DESIST from violations of the Securities Act of Arizona.

2. IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that BERGH shall pay administrative penalties in the amount of \$20,000, together with interest to accrue at the statutory rate of 10% per annum. Payment shall be made by cashier's checks, and may be paid as follows: \$2,500 upon entry of this Order, and the balance of \$17,500 within 90 days of entry of the Order. Such checks are to be made payable to the "State of Arizona" for deposit in the General Fund of the state.

3. IT IS FURTHER ORDERED that upon failure to pay any amount when due pursuant to this Order, the full amount of penalties shall be immediately due and payable, with interest to accrue at the statutory rate of 10% per annum.

...

...

...

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

4. IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that WILLIAM E. BERGH's securities salesman registration is revoked from the date of the Order.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN COMMISSIONER COMMISSIONER

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

BRIAN C. McNEIL
Executive Secretary

DISSENT
(PTJ)

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

1 CONSENT BY WILLIAM E. BERGH TO THE ENTRY, BY THE CORPORATION COMMISSION,
2 OF A FINAL ORDER FOR RELIEF AND WAIVER OF HEARING

3 1. Respondent, WILLIAM E. BERGH (BERGH), individually and d/b/a NATIONAL
4 FINANCIAL GROUP and WORLD WIDE BUSINESS OPPORTUNITIES, LLC admits the
5 jurisdiction of the Arizona Corporation Commission (Commission) over the subject matter of this
6 proceeding, and acknowledges that he has been fully advised of his rights to a hearing to present
7 evidence and call witnesses. BERGH knowingly and voluntarily waives all rights to a hearing before
8 the Commission and all other procedures otherwise available under Article 11 of the Securities Act of
9 Arizona (the Act) and Title 14 of the Arizona Administrative Code. BERGH acknowledges that the
10 accompanying Final Order for Relief and Consent to Same (Order) constitutes a valid final order duly
11 rendered by the Commission.

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

15 3. BERGH acknowledges and agrees that this Order is entered into freely and voluntarily
16 and that no promise was made nor any coercion used to induce BERGH to enter into it.

17 4. BERGH acknowledges that he has been represented by counsel in this matter.

18 5. BERGH neither admits nor denies the Findings of Fact and Conclusions of Law
19 contained in the Order. BERGH agrees that he shall not challenge their validity in any present or
20 future administrative proceedings before the Commission or any other state agency concerning the
21 denial or issuance of any licenses or registrations required by the State in order to engage in the
22 practice of any business or profession.

23 6. BERGH consents to the entry of the Order and agrees to be fully bound by its terms
24 and conditions. BERGH further acknowledges that should he fail to comply with the provisions of
25 the Order, the Commission may enforce the Order in Superior Court, pursuant to A.R.S. § 44-
26

1 2036(C). In addition, the Commission may impose additional sanctions and costs and seek other
2 appropriate relief subject to BERGH's right to a hearing pursuant to the Act.

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

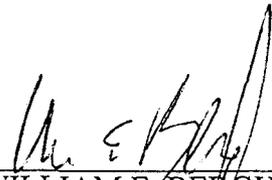
5 8. BERGH agrees that, as a part of the settlement reached herein, he will not apply for
6 registration as a securities dealer or salesman, or for licensure as an investment adviser or investment
7 adviser representative, under the Securities Act of Arizona or the Investment Management Act of
8 Arizona, at any time in the future.

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

17 10. BERGH acknowledges that the Order represents the complete and final resolution of,
18 and discharge of any basis for any civil or administrative proceeding by the Commission against
19 BERGH for violations arising as a result of or in connection with any actions or omissions by BERGH
20 pursuant to A.R.S. § 44-1841; provided, however, that this release does not apply to facts not known
21 by the Commission or staff or not otherwise provided by BERGH as of the date of the Order; provided
22 further that this release does not apply to violations arising from misrepresentations or omissions by
23 BERGH in connection with the offer or sale of securities, in violation of A.R.S § 44-1991.

24 11. BERGH states that as a part of the settlement reached herein, he will continue to
25 cooperate with the Securities Division (Division) in connection with this matter including, but not
26 limited to, providing a complete and accurate financial statement under penalty of perjury, providing

1 complete and accurate testimony at any hearing in this matter as may be requested by the Division, and
2 cooperating with the Division regarding the allegations in the present matter and any other matters
3 touching thereon.

4
5 
6 WILLIAM E. BERGH, individually and d/b/a
7 NATIONAL FINANCIAL GROUP and
8 WORLD WIDE BUSINESS
9 OPPORTUNITIES, LLC.

10 SUBSCRIBED TO AND SWORN BEFORE me this 24th day of March,
11 2000, by WILLIAM E. BERGH.

12 
13 NOTARY PUBLIC

14 My Commission Expires:

