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BEFORE THE ARIZONA CORPORATION COMMISSION

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CARL J. KUNASEK  
Chairman  
JIM IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

1999 AUG 24 P 12: 02

AZ CORP COMMISSION  
DOCUMENT CONTROL

In the matter of )  
Charles Shull, )  
687 Pampas Place )  
Sierra Vista, Arizona 85636 )  
John Ebdon )  
4814 Equestrian Avenue )  
Sierra Vista, Arizona 85650 )  
Cochise Financial Corp., )  
687 Pampas Place )  
Sierra Vista, Arizona 85636 )  
Respondents. )

DOCKET NO. S-03312A -99-0000

**NOTICE OF OPPORTUNITY FOR  
HEARING REGARDING PROPOSED  
ORDER FOR RELIEF**

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**

For its proposed order for relief, the Securities Division (the "Division") of the Arizona Corporation Commission (the "Commission") alleges that respondents, Charles J. Shull ("SHULL"), John Ebdon ("EBDON") and Cochise Financial Corp. ("COCHISE"), singularly and in concert, have engaged in acts, practices and transactions, which constitute violations of A.R.S. § 44-1801 et seq., the Securities Act of Arizona (the "Securities Act"). As a result of these violations, Respondents are subject to an Order to Cease and Desist, an Order of Restitution and any other appropriate relief.

The Division alleges as follows:

**I.**

**JURISDICTION**

1. The Commission has jurisdiction over these matters pursuant to Article XV of the Arizona Constitution and the Securities Act.

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**II.**

**RESPONDENTS**

2. SHULL'S last known address is 687 Pampas Place, Sierra Vista, Arizona 85636 .

3. SHULL was President/CEO, Secretary, Treasurer and the sole Director and owner of COCHISE at all relevant times herein.

4. EBDON'S last known address is 4814 Equestrian Avenue, Sierra Vista, Arizona 85650.

5. COCHISE'S last know address is 687 Pampas Place, Sierra Vista, Arizona 85636.

6. COCHISE is a mortgage brokerage business which was incorporated in Arizona in September 1986.

7. COCHISE is licensed with the State of Arizona Banking Department as a Mortgage Broker.

8. The respondents may be collectively referred to as "RESPONDENTS."

**III.**

**FACTS**

9. Each of the preceding paragraphs is incorporated by reference.

10. From in or about June 1995 through June 1999, RESPONDENTS represented that Dan Garcia, EBDON'S son-in-law, was awarded \$40 million dollars against the State of Arizona for a medical misdiagnosis judgment. RESPONDENTS asserted that funds were needed to pay Mr. Garcia's attorney to collect the judgment, to pay court costs, to pay a bonding company and for other miscellaneous costs and expenses. No such judgment against the State of Arizona in favor of Dan Garcia exists nor has it ever existed.

11. Beginning in or about June 1995 through June 1999, SHULL offered for sale and sold securities within or from the State of Arizona in the form of promissory notes. SHULL conducted solicitations, sale of securities and other related business in the name of COCHISE.

12. Beginning in or about June 1995 through June 1999, EBDON offered for sale and sold securities within or from the State of Arizona in the form of promissory notes.



V.

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers and Salesmen)**

23. Each of the preceding paragraphs is incorporated by reference.

24. In connection with the offers to sell and the sale of securities, RESPONDENTS acted as dealers and/or salesmen within and/or from Arizona, although not registered pursuant to the provisions of Article 9 of the Securities Act.

25. This conduct violates A.R.S. § 44-1842.

VI.

**VIOLATION OF A.R.S. § 44-1991**

**(Fraud in Connection with the Offer and Sale of Securities)**

26. Each of the preceding paragraphs is incorporated by reference.

27. In connection with the offer and sale of securities within and/or from Arizona, RESPONDENTS directly or indirectly: (i) made an untrue statement of material fact, or omitted to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (ii) engaged in any transaction, practice or course of business which operated or would operate as a fraud or deceit upon offerees and investors. RESPONDENTS' fraudulent conduct included, but is not limited to: representing to investors that money was needed to pay court costs and fees, attorney costs, fees to a bonding company and other miscellaneous expenses and fees to collect a judgment against the State of Arizona in favor of Daniel Garcia when in fact no such judgment ever existed; representing to investors that the promissory notes issued to them would be paid at face value from collection of the judgment against the State of Arizona when in fact no such judgment ever existed; and by issuing numerous promissory notes over more than a two year period, with very short term due dates, to investors and failing to pay as promised on any note.

28. This conduct violates A.R.S. § 44-1991.



1 The date set for the hearing shall be within 30 days, but not earlier than 15 days after the request  
2 for the hearing has been docketed, unless otherwise provided by law, stipulated by the parties, or  
3 ordered by the Commission. Any respondent who does not request a hearing within the time prescribed  
4 is subject to the Commission issuing an order against that respondent containing such relief as the  
5 Commission deems appropriate, including but not limited to the relief requested above.

6 Persons with a disability may request a reasonable accommodation such as a sign language  
7 interpreter, as well as request this document in an alternative format, by contacting Cynthia Mercurio  
8 Sandoval, ADA Coordinator, voice phone number 602/542-0838, e-mail csandoval@cc.state.az.us.

9 Requests should be made as early as possible to allow time to arrange the accommodation.

10 Dated this 24<sup>th</sup> day of AUGUST, 1999.

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13 Victor Rodarte  
Assistant Director of Securities

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