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BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

In the matter of:

DAVID CARROLL LOACH
2237 E. Virginia Avenue
Phoenix, Arizona 85006
(CRD #1251138)

GARY MILBURN LAHA
4311 W. Sweetwater Road
Glendale, Arizona 85304
(CRD #2210875)

Respondents.

) DOCKET NO. S-03476A-02-0000
)
) **NOTICE OF OPPORTUNITY FOR**
) **HEARING REGARDING PROPOSED**
) **ORDER TO CEASE AND DESIST, FOR**
) **RESTITUTION AND ADMINISTRATIVE**
) **PENALTIES, OF REVOCATION, AND**
) **FOR OTHER AFFIRMATIVE ACTION**

NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act"), and further alleges that facts exist which warrant revocation of each respondent's registration as a securities salesman in Arizona.

I.

JURISDICTION

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

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1 **II.**

2 **RESPONDENTS**

3 2. Respondent David Carroll Loach ("LOACH") became a registered securities
4 salesman in Arizona on April 1, 1986. He was associated with American Express Financial
5 Advisors, Inc. ("Amex"), from that date until his termination on August 21, 2001. LOACH's last
6 known address is 2337 East Virginia Avenue, Phoenix, Arizona 85006.

7 3. Respondent Gary Milburn Laha ("LAHA") became a registered securities salesman
8 in Arizona on March 5, 1992. He was associated with Amex from that date until his voluntary
9 termination on or about September 6, 2001. His voluntary termination was effected while an Amex
10 internal review of his activities was underway. LAHA was briefly associated with another dealer in
11 January 2002, but he left that firm on January 31, 2002. LAHA's application for Arizona
12 registration in association with that firm was terminated without the registration having been
13 approved, on February 5, 2002. LAHA's last known address is 4311 West Sweetwater Road,
14 Glendale, Arizona 85304.

15 4. Pursuant to A.R.S. § 44-1947(B), the registrations of LOACH and LAHA expired
16 on December 31, 2001. Nonetheless, pursuant to A.R.S. §§ 44-1947(D) and 44-1963(D), the
17 Commission has the power to suspend or revoke their registrations.

18 5. LOACH and LAHA may be referred to collectively, as "RESPONDENTS."

19 **III.**

20 **FACTS**

21 6. Ecodom Corporation is an Arizona corporation, formed on October 17, 1996. At that
22 time, the corporation's name was Airzone International Corporation. It changed its name to Ecodom
23 Corporation on April 1, 1999. In this Notice, the corporation will be called "Ecodom." The last
24 known address of Ecodom is 12629 North Tatum Boulevard, #135, Phoenix, Arizona 85032.

1 7. In or about January 1999, LOACH introduced LAHA to LOACH's friend Zeev
2 Tchetchik, the chief executive officer of Ecodom. The three men discussed raising capital for
3 Ecodom, over the next several months.

4 8. On or about August 2, 1999, LAHA offered and sold unregistered securities,
5 specifically, Ecodom common stock, to at least one investor. This person invested \$25,000.00 in
6 Ecodom.

7 9. LAHA offered and sold such securities from Arizona.

8 10. Ecodom paid LAHA a commission of \$2,500.00 as compensation for this sale,
9 representing 10% of the amount the investor had paid for the Ecodom stock. Ecodom wrote two
10 checks totaling \$2,500.00, payable to the order of LAHA, and LAHA endorsed these and deposited
11 them into a personal checking account, which he owned jointly with his wife.

12 11. During the period August 1999 through July 2001, LOACH offered and sold
13 unregistered securities, specifically, Ecodom common stock, to at least 15 investors. These persons
14 invested a total of \$845,800.00 in Ecodom.

15 12. LOACH offered and sold such securities, within or from Arizona.

16 13. Ecodom paid LOACH commissions totaling \$6,000.00 on account of his sales of
17 Ecodom common stock, between August 1999 and January 2000. Ecodom wrote four checks
18 totaling \$6,000.00, payable to the order of LOACH, and LOACH endorsed these and deposited them
19 into his personal bank account.

20 14. During the year 2000, and continuing until July 2001, LOACH agreed to continue,
21 and did continue raising capital for Ecodom while foregoing current compensation for his efforts.
22 Ecodom and LOACH agreed that the earned but unpaid commissions were loans from LOACH to
23 Ecodom.

24 15. In or about August 2001, LOACH initiated a call to an Amex executive and reported
25 his selling activity with respect to Ecodom common stock, to Amex.
26

V.

REVOCATION OR SUSPENSION PURSUANT TO A.R.S. § 44-1962

(Denial, Revocation or Suspension of Registration of Salesman)

24. RESPONDENTS' conduct is grounds to revoke or suspend their registrations as securities salesmen with the Commission pursuant to A.R.S. § 44-1962. Specifically, each of RESPONDENTS has:

- a. Engaged in conduct specified by A.R.S. § 44-1962(A)(2), in that he violated a provision of the Securities Act by selling unregistered securities within or from Arizona; and
- b. Engaged in conduct specified by A.R.S. § 44-1962(A)(10) and Ariz. Admin. Code R14-4-130(A)(17), by effecting sales of securities that were not recorded on the books and records of the dealer with which he was associated at the time of the sales, and by submitting to the dealer one or more written statements regarding his activities outside the firm that were materially misleading.

VI.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief against RESPONDENTS:

- 1. Order each RESPONDENT to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;
- 2. Order each RESPONDENT to take affirmative action to correct the conditions resulting from his acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

1 Hood, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail
2 shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the
3 accommodation.

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Dated this 22nd day of May, 2002.



Victor Rodarte
Assistant Director of Securities

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Memorandum

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2002 MAY 23 A 10:41

AZ CORP COMMISSION
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DATE: May 21, 2002

TO: Nancy Cole
Docket Control

FROM: Amy Leeson 
Securities Division

RE: Matter of David Carroll Loach, et al.
Docket No. S-03476A-02-0000
Assigned Staff

CC: Mabel Aldridge

This is to notify you that the following individuals have been assigned to the above-mentioned case.

- Mark Sendrow
- LeRoy Johnson
- Matthew Neubert

Amy Leeson (Staff Attorney)

Lisa Busse (Staff Investigator)



Note: The Assistant Attorney General assigned to this matter is: Moira McCarthy.