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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

FEB -1 2007

DOCKETED BY nr

In the matter of:

David J. Leyshon d/b/a Leyshon Capital d/b/a
Leyshon Capital Management d/b/a Leyshon
Capital Management, LLC and Denise Leyshon,
husband and wife,
10603 W. Lone Cactus Drive
Peoria, AZ 85382

Respondents.

DOCKET NO. S-20490A-06-0764

DECISION NO. 69293

**DEFAULT ORDER TO CEASE AND
DESIST, FOR RESTITUTION, FOR
ADMINISTRATIVE PENALTIES, AND
OF REVOCATION AGAINST:
DAVID J. LEYSHON d/b/a LEYSHON
CAPITAL d/b/a LEYSHON CAPITAL
MANAGEMENT, LLC**

On December 8, 2006, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, For Administrative Penalties, Of Revocation and for Other Affirmative Action (the "Notice") with respect to David J. Leyshon d/b/a Leyshon Capital Management d/b/a Leyshon Capital Management, LLC (collectively - "Leyshon" or Respondent) and Denise Leyshon ("Mrs. Leyshon"), husband and wife. The Division personally served the Notice upon Leyshon on December 15, 2006. Mrs. Leyshon has requested a hearing and is not the subject of this order.

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1 7. LEYSHON moved to Arizona in or about July of 2003 from North Carolina.

2 8. From July of 2003 to December 8, 2004, LEYSHON was residing in Arizona and
3 employed by SYNERGY.

4 9. On December 8, 2004, LEYSHON was terminated from his employment with
5 SYNERGY. Upon termination of his employment with SYNERGY, LEYSHON's registration
6 status as a securities salesman was automatically suspended. By December 31, 2004 LEYSHON's
7 status as securities salesman in Arizona expired.

8 10. Prior to his termination from SYNERGY and before LEYSHON's status as a
9 registered salesman was suspended or expired, LEYSHON received monies in Arizona from
10 investors in the name of LCM.

11 11. After LEYSHON's status as a registered securities salesman was suspended or
12 expired, LEYSHON continued to accept monies in Arizona from investors and entered into contracts
13 in the name of LCM with investors ("LCM agreements" or "agreements"). In the agreements, LCM
14 was represented to be an investment adviser and was shown as having the same Arizona address as
15 LEYSHON's home address.

16 12. There is no entity registered to do business in Arizona with the name Leyshon Capital
17 Management LLC, Leyshon Capital Management, or Leyshon Capital. Additionally, they are not
18 registered to sell securities or licensed to provide investment advisory services in the State of
19 Arizona.

20 13. The LCM agreements signed by investors affirmatively represented that LEYSHON
21 was an "Investment Adviser." The LCM agreements signed by investors gave LCM authority to
22 purchase and sell investments and by its terms was described as a "long-term investment vehicle."
23 Investors represent that the investments authorized to be purchased and sold pursuant to the
24 agreement were registered securities.

25 14. Upon information and belief, LEYSHON portrayed himself as an Investment
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1 Adviser, to mislead investors into trusting that he was authorized to sell and buy registered securities.

2 15. LEYSHON has never been registered as an investment adviser in the State of Arizona
3 and at the time the LCM agreements were entered, LEYSHON's registration as a securities salesman
4 in Arizona was either suspended or expired.

5 16. Investors placed at least \$288,000 in LEYSHON's control pursuant to the LCM
6 agreements. The LCM agreements provided that LEYSHON would be paid a percentage of the
7 value of assets under management. LEYSHON affirmed this fee arrangement in statements he has
8 made under oath to the Division.

9 17. LEYSHON admitted under oath that he placed numerous investors funds in an E-
10 trade account over which he was the only named title holder and signor on the account.

11 18. LEYSHON admitted to purchasing stock and stock options for investors in LCM.

12 19. LEYSHON admitted that his personal funds and those of investors were pooled
13 together in an E-trade account. LEYSHON admits that monies from the pooled E-trade account
14 were placed in his personal account and used for personal expenses.

15 20. LEYSHON admitted that he sent investors statements concerning their accounts with
16 LCM. These statements identify that the account statements originated from Arizona. These
17 statements also purport to show the securities purchased on behalf of individual investors.

18 21. LEYSHON was requested by the Division to provide a detailed accounting to show
19 how he kept track of individuals' investments managed by LCM. Although he indicated he would
20 provide these records LEYSHON has failed to do so.

21 22. Investors with LEYSHON have demanded their accounts be closed and their monies
22 be returned. LEYSHON admits that he has been notified of these demands and that investors have
23 not been fully repaid the amount of their investment and that there are outstanding balances owed to
24 them.

1 (\$100,000.00). Payment shall be made in full on the date of this Order to the "State of Arizona."
2 Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this
3 Order until paid in full. The payment obligations for these administrative penalties shall be
4 subordinate to any restitution obligations ordered herein and shall become immediately due and
5 payable only after restitution payments have been paid in full or upon Respondent's default with
6 respect of Respondent's restitution obligations.

7 For purposes of this Order, a bankruptcy filing by LEYSHON shall be an act of default. If
8 LEYSHON does not comply with this Order, any outstanding balance may be deemed in default
9 and shall be immediately due and payable without notice or demand.

10 IT IS FURTHER ORDERED, that if LEYSHON fails to comply with this order, the
11 Commission may bring further legal proceedings against LEYSHON, including application to the
12 superior court for an order of contempt, to include attorneys fees and costs related to collection.

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1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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4 Jeffrey W. Hatch-Orler
5 CHAIRMAN

William P. Muller
COMMISSIONER

6
7 Fanell S. Gleason
COMMISSIONER

[Signature]
COMMISSIONER

[Signature]
COMMISSIONER

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9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
10 Executive Director of the Arizona Corporation
11 Commission, have hereunto set my hand and caused the
12 official seal of the Commission to be affixed at the
13 Capitol, in the City of Phoenix, this 1st day of
February, 2007.

14
15 [Signature]
16 BRIAN C. McNEIL
Executive Director

17 _____
DISSENT

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19 _____
DISSENT

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21 This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,
22 voice phone number 602-542-3931, E-mail lhogan@azcc.gov

23 (soe)