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NEW APPLICATION

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2007 MAR 20 P 1:26

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

AZ CORP COMMISSION  
DOCUMENT CONTROL

In the matter of:  
  
LEONARD FRANCIS ALCARO (a/k/a "LENNY ALCARO"), and  
MARY BRIGID LAVIN ALCARO, husband and wife,  
1140 West San Lucas Circle,  
Tucson, Arizona 85704,  
  
Respondents.

DOCKET NO. S-20520A-07-0155  
  
**NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST ORDER, FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION**

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING  
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that RESPONDENTS LEONARD FRANCIS ALCARO and MARY BRIGID LAVIN ALCARO 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").

**I.  
JURISDICTION**

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

**II.  
RESPONDENTS**

2. LEONARD FRANCIS ALCARO ("ALCARO") is an individual whose last known address is 1140 West San Lucas Circle, Tucson, Arizona 85704.

Arizona Corporation Commission  
**DOCKETED**  
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1 family who invested substantial amounts of their money in ALCARO's Investments ultimately  
2 needed their investment money returned to them to pay for their children's college tuition.

3 8. ALCARO represented that he was an experienced and successful investor or  
4 investment counselor. ALCARO represented that he had successfully invested substantial amounts  
5 of his own money in at least one of the Investments. ALCARO represented to at least one investor  
6 that he had even been able to build his pool with the profits he earned from investing in at least one  
7 of the Investments.

8 9. The underlying nature of the Investments varied and included, without limitation, an  
9 alleged foreign currency exchange, high interest loans, offshore Trinity Court accounts, offshore  
10 money market accounts, gold market investments, and coin and stock investments.

11 **B. THE FOREX SECURITIES**

12 10. At all times relevant, ALCARO offered and sold unregistered securities in the form  
13 of unsecured foreign currency exchange ("forex") investments within or from Arizona. "Forex" is  
14 an acronym often used to describe the global market by which one nation's currency can be traded  
15 or exchanged for that of another through various investment vehicles, including futures and  
16 options.

17 11. ALCARO represented that he would invest his investors' money in pooled forex  
18 investments that provided substantial, guaranteed and risk-free profits ranging from 10 to 28  
19 percent per year. ALCARO represented to at least one investor that the profits she would earn from  
20 her forex investment would be sufficient to pay her housing and living expenses.

21 12. ALCARO represented to offerees and investors that timing was crucial with respect  
22 to the forex investments, and that they had to act fast to earn the represented substantial profits.  
23 Thus, ALCARO often pressured his investors to invest quickly in the forex investments at the time  
24 of his offer.

1           13. Profits from ALCARO's forex investments were not guaranteed or risk-free. Forex  
2 investments are inherently risky due, in part, to unforeseen global economic and currency market  
3 fluctuations. Forex investments are often made pursuant to leveraged margin accounts with  
4 borrowed broker money such that forex investment losses are magnified. Moreover, ALCARO's  
5 forex investments were not guaranteed or risk-free because the majority of his forex investors lost  
6 the majority of their forex investment money.

7 **C. THE HIGH INTEREST LOAN SECURITIES**

8           14. At all times relevant, ALCARO offered and sold unregistered securities in the form  
9 of unsecured high interest loan investments within or from Arizona.

10           15. ALCARO represented that he would invest his investors' money in high interest  
11 loan investments that provided investors with substantial profits of up to 100 percent or more per  
12 year.

13 **D. THE OFFSHORE TRINITY COURT SECURITIES**

14           16. At all times relevant, ALCARO offered and sold unsecured offshore account  
15 investments within and from Arizona that were allegedly managed by Trinity Court Management  
16 ("Trinity Court") in the Guernsey (Channel) Islands.

17           17. ALCARO represented that he would invest his investors' money in the offshore  
18 Trinity Court investments that provided investors with substantial and "insured" profits of up to 27  
19 percent per year.

20           18. ALCARO's Trinity Court investments were not insured, in part, because his Trinity  
21 Court investors lost the vast majority of their Trinity Court investment money.

22 **E. THE OFFSHORE MONEY MARKET SECURITIES**

23           19. At all times relevant, ALCARO offered and sold unregistered securities within or  
24 from Arizona in the form of unsecured offshore money market account investments, one of which  
25 was purportedly located in the Cayman Islands.  
26

1           20.    ALCARO represented he would invest his investors' money in the offshore money  
2 market investments that provided investors with risk-free and substantial profits of up to 21 percent  
3 per year.

4           21.    ALCARO's offshore money market investments were not risk-free, in part, because  
5 the majority of ALCARO's money market investors lost the majority of their offshore money  
6 market investment money.

7 **F.    THE GOLD MARKET SECURITIES**

8           22.    At all times relevant, ALCARO offered and sold unregistered securities in the form  
9 of unsecured gold market investments within or from Arizona.

10          23.    ALCARO represented that he would invest his investors' money in the gold market  
11 investments that provided investors with guaranteed, risk-free and substantial profits ranging from  
12 18 to 22 percent per year.

13          24.    Profits from ALCARO's gold market investments were not guaranteed or risk-free  
14 because, without limitation, profits from gold market investments are subject to unforeseen global  
15 economic and gold market fluctuations.  Additionally, ALCARO's gold market investments were  
16 not guaranteed or risk free because the majority of ALCARO's gold market investors lost the  
17 majority of their gold market investment money.

18 **G.    THE COIN AND STOCK SECURITIES**

19          25.    At all times relevant, ALCARO offered and sold unregistered securities in the form  
20 of unsecured coin and stock investments within or from Arizona.

21          26.    ALCARO represented that he would invest his investors' money in the coin and  
22 stock investments that provided substantial, guaranteed or risk-free profits.

23          27.    Profits from ALCARO's coin and stock investments were not guaranteed or risk-  
24 free because, without limitation, profits from such unsecured investments are subject to unforeseen  
25 global economic and related market fluctuations.  Additionally, ALCARO's coin and stock  
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1 investments were not guaranteed or risk free because ALCARO's coin and stock investors lost the  
2 vast majority of their coin and stock investment money.

3 **H. GENERAL ALLEGATIONS**

4 28. ALCARO often signed and issued standard form "unsecured" promissory notes to  
5 his investors to document the Investments. Some of the promissory notes executed by ALCARO  
6 were notarized.

7 29. In or about 2005, ALCARO voluntarily filed a Chapter 7 Bankruptcy in the United  
8 States Bankruptcy Court, District of Arizona, No. 4:05-bk-02539-EWH. ALCARO identified  
9 many of his investors and some of their Investments in his bankruptcy schedules.

10 30. ALCARO failed to provide his investors with any written information or  
11 disclosures prior to their Investments. ALCARO failed to disclose to offerees and investors any  
12 risks associated with the Investments.

13 31. Unbeknownst to his investors, ALCARO deposited investor funds into his personal  
14 bank account and, in some instances, used investor funds to make payments to other investors, or  
15 for his personal use.

16 32. Many of ALCARO's investors lost their entire investment. Although ALCARO  
17 made payments to some of his investors, such repayments represent a small percentage of their  
18 principal Investments. Some of ALCARO's repayment checks were not honored due to  
19 insufficient funds.

20 33. The majority of investors asked ALCARO return their Investments in full, and to  
21 explain why they did not receive their promised investment profit payments. In response,  
22 ALCARO told many investors that their investments funds were lost or frozen by the government  
23 due to the September 11, 2001 terrorist attacks. Also, ALCARO represented to his investors that  
24 his alleged out-of-state business partner/colleague had been killed in the September 11, 2001  
25 terrorist attacks.

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**IV.**

**VIOLATION OF A.R.S. § 44-1841**

**(Offer or Sale of Unregistered Securities)**

34. From on or about 1995 to least July 2002, ALCARO offered or sold securities in the form of investment contracts, commodity investment contracts, promissory notes and stock within or from Arizona.

35. The securities referred to above were not registered pursuant to the provisions of Articles 6 or 7 of the Securities Act.

36. This conduct violates A.R.S. § 44-1841.

**V.**

**VIOLATION OF A.R.S. § 44-1842**

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

37. From on or about 1995 to at least July 2002, ALCARO offered or sold securities within or from Arizona, while not registered as a dealer or salesmen pursuant to the provisions of Article 9 of the Securities Act.

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

**VI.**

**VIOLATION OF A.R.S. § 44-1991**

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

39. In connection with the offer or sale of securities within or from Arizona, ALCARO directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) 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; and (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. ALCARO's conduct includes, but is not limited to, the following:





1 Executive Assistant to the Executive Director, voice phone number 602/542-3931, e-mail  
2 [lhogan@azcc.gov](mailto:lhogan@azcc.gov). Requests should be made as early as possible to allow time to arrange the  
3 accommodation.

4 **IX.**

5 **ANSWER REQUIREMENT**

6 Pursuant to A.A.C. R14-4-305, if RESPONDENT ALCARO or RESPONDENT MARY  
7 BRIGID LAVIN ALCARO request a hearing, RESPONDENT ALCARO or RESPONDENT  
8 MARY BRIGID LAVIN ALCARO must deliver or mail an Answer to this Notice of Opportunity  
9 for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix,  
10 Arizona 85007, within 30 calendar days after the date of service of this Notice of Opportunity for  
11 Hearing. A Docket Control cover sheet must accompany the Answer. A cover sheet form and  
12 instructions may be obtained from Docket Control by calling (602) 542-3477 or on the  
13 Commission's Internet web site at [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

14 Additionally, RESPONDENT ALCARO or RESPONDENT MARY BRIGID LAVIN  
15 ALCARO must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon  
16 the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division  
17 at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to MIKE DAILEY.

18 The Answer shall contain an admission or denial of each allegation in this Notice and the  
19 original signature of each RESPONDENT, or the RESPONDENTS' attorney. A statement of a  
20 lack of sufficient knowledge or information shall be considered a denial of an allegation. An  
21 allegation not denied shall be considered admitted.

22 When RESPONDENT ALCARO or RESPONDENT MARY BRIGID LAVIN ALCARO  
23 intend in good faith to deny only a part or a qualification of an allegation, RESPONDENT  
24 ALCARO or RESPONDENT MARY BRIGID LAVIN ALCARO shall specify that part or  
25 qualification of the allegation and shall admit the remainder. RESPONDENT ALCARO or  
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1 RESPONDENT MARY BRIGID LAVIN ALCARO waives any affirmative defense not raised in  
2 the answer.

3 The officer presiding over the hearing may grant relief from the requirement to file an  
4 Answer for good cause shown.

5 Dated this 20 day of March, 2007.

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9 Matthew Neubert  
10 Director of Securities

11 JMD

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