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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

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

AZ CORP COMMISSION  
DOCUMENT CONTROL

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In the matter of: )  
 )  
VERONICA ALEXANDRA LEIGH, f/k/a )  
CANDICE ANNA GILL, CHARLES WILLIAM )  
GILL III, CHARLES GILL and CHUCK GILL )  
27679 N. 125<sup>th</sup> Drive )  
Peoria, Arizona 85383 )  
 )  
CAG FINANCIAL, L.L.C. )  
2225 West Frye Rd. #1055 )  
Chandler, AZ 85224 )  
 )  
CAG FINANCIAL SERVICES, L.L.C. )  
17659 West Weatherby Drive )  
Surprise, AZ 85374 )  
 )  
LEIGH & ASSOCIATES, L.L.C. )  
P.O. Box 281 )  
Waddell, AZ 85355 )  
 )  
Respondents. )

DOCKET NO. S-20524A-07-0179

**NOTICE OF OPPORTUNITY FOR  
HEARING REGARDING PROPOSED  
ORDER TO CEASE AND DESIST, FOR  
RESTITUTION, FOR ADMINISTRATIVE  
PENALTIES, AND FOR OTHER  
AFFIRMATIVE ACTION**

Arizona Corporation Commission

**DOCKETED**

**MAR 27 2007**

DOCKETED BY	<i>WMA</i>
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**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 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").

1 **I. JURISDICTION**

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

4 **II. RESPONDENTS**

5 2. At all times material hereto, Veronica Alexandra Leigh, f/k/a Candice Anna Gill, Charles  
6 William Gill III, Charles Gill and Chuck Gill (sometimes collectively referred to as "LEIGH")  
7 was a resident of Arizona and was licensed to sell insurance in the State of Arizona.

8 3. CAG Financial, L.L.C. is an Arizona Limited Liability company formed in 2001 with at  
9 least one office in Arizona through which it has transacted business within and from Arizona. At  
10 all times material hereto, LEIGH was the founder, sole member and statutory agent of CAG  
11 Financial. In these capacities, LEIGH controlled, promoted and bore responsibility for CAG's  
12 business and financial affairs, and investor solicitation activities.

13 4. CAG Financial Services, L.L.C. is a business entity of unknown origin with at least one  
14 office in Arizona through which LEIGH transacted business within and from Arizona.

15 5. LEIGH & ASSOCIATES, L.L.C. is a business entity of unknown origin with at least one  
16 office in Arizona through which LEIGH transacted business within and from Arizona.

17 6. Hereinafter CAG Financial, L.L.C. and CAG Financial Services, L.L.C. and LEIGH &  
18 ASSOCIATES are collectively referred to as "CAG."

19 **III. FACTS**

20 7. LEIGH was registered as a securities salesperson with IMS Securities in New Mexico  
21 beginning October 1, 1996, in Arizona beginning September 21, 1998, in Georgia beginning  
22 September 22, 1998 and in California beginning September 28, 1998. All registrations termed on  
23 May 17, 2000.

24 8. On or before December 2001, the National Association of Securities Dealers (hereinafter  
25 "NASD") initiated an investigation into LEIGH's activities while a registered salesperson.

1       9. LEIGH, without admitting or denying the allegations made against him by the NASD,  
2 consented to findings that from November 1996 through August 1998, he inserted false financial  
3 information on the subscription documents and new account information (i.e. annual income, net  
4 worth, liquid net worth) of seven investors in order to qualify them for an investment in various  
5 limited partnerships for which they would not have otherwise qualified. LEIGH also consented to a  
6 finding that the 15 illiquid limited partnership interests sold to the seven investors were  
7 recommended by LEIGH despite LEIGH not having any reasonable grounds for believing that the  
8 investments were suitable for each customer based on each customers' other security holdings and  
9 financial situation and needs. As a result of the NASD investigation and consent by LEIGH, he was  
10 barred by the NASD from associating with any member in any capacity on January 25, 2002.

11       10. On November 27, 2001, in Maricopa County Superior Court case number CV2001-  
12 092740, Candice Anna Gill filed an Application for Change of Name for an Adult from Candice  
13 Anna Gill to Veronica Alexandra Lee (sic). On December 20, 2001, an Order Changing Name  
14 for an Adult was entered in case number CV2001-092740 changing the name of Candice Anna  
15 Gill to Veronica Alexandra Leigh.

16       11. To attract investors, LEIGH conducted seminars in Arizona "for serious investors only" and  
17 informed investors through promotional materials that CAG Financial Services, L.L.C. had been in  
18 existence for 27 years with more than \$115 million in assets under management. LEIGH also wrote  
19 to investors and informed them that CAG Financial Services, L.L.C. had been in existence for  
20 almost 29 years with approximately \$75 million in assets under management. LEIGH further  
21 informed investors that CAG Financial Services, L.L.C. offered investments, annuities, long term  
22 care and living trusts.

23       **A. LEIGH's Sales of Ad Toppers**

24       12. Between June 2001 and March 2005, LEIGH sold Ad Toppers totaling in excess of  
25 \$1,500,000 to Arizona investors.

1       13. The Ad Toppers were designed, promoted and managed by Unlimited Cash, Inc. ("UCI")  
2 and Douglas Network Enterprises ("DNE") (together, "UCI/DNE") and involved investments in  
3 color computer monitors that were alleged to be capable of displaying advertisements after being  
4 placed on product displays, ATM's, vending machines and other fixtures in retail establishments.  
5 Allegedly, Ad Topper machines could be programmed to run video advertisements.

6       14. UCI marketed the Ad Topper program as a single package consisting of a machine that  
7 could be purchased from UCI and a servicing agreement that could be purchased from DNE. The  
8 typical Ad Topper investment was \$4,000 per machine. At the time of making the investment,  
9 investors simultaneously executed two distinct, yet interrelated contracts. First, investors entered  
10 into a contract with UCI, called the UCI Advertising Topper Purchase Agreement ("UCI  
11 Agreement"). The UCI agreement promised investors ownership of an Ad Topper machine that  
12 UCI would build. The UCI agreement further promised to direct the entire process of the Ad  
13 Topper from manufacturing to delivery. Delivery was alleged to be to the location selected by the  
14 investor or the Management Company (DNE) selected by the investor.

15       15. Second, investors entered into a service agreement with DNE, called the Operation and  
16 Maintenance Agreement ("DNE Agreement"). Under the DNE Agreement, DNE was to receive  
17 a percentage of the advertising revenues generated by each machine. The DNE Agreement also  
18 promised investors at least \$54 per month per machine, which equaled a 16% annual return. The  
19 DNE agreement called for DNE to receive the purchased Ad Topper from UCI; secure locations  
20 for placement of the Ad Toppers; install each Ad Topper and make them operational by  
21 programming the machine to run advertisements; monitor all operational aspects of the Ad  
22 Toppers; perform all repairs and maintenance on the Ad Toppers; sell available advertising space  
23 on the machine; and collect monthly advertising revenues and distribute the promised returns to  
24 investors.

1       16. Following their investments, investors had no duties or responsibilities in placing,  
2 servicing or collecting revenue from Ad Toppers and relied solely on UCI/DNE for management  
3 of existing Ad Toppers to generate the income that would purportedly support the investors'  
4 investment returns.

5       17. According to LEIGH's sales materials for the Ad Topper, the Ad Topper provided stable  
6 principal, an investment not subject to stock market risks, principal secured by a fully insured asset,  
7 monthly return, the ability to recoup up to 5 percent of any liquidation penalty incurred during the  
8 process of rolling other investments into the Ad Topper program and 100% liquidity after 36 months.

9       18. The Ad Topper program was represented by LEIGH as being a safe investment that would  
10 generate returns of at least 16% annually from revenue created by sales of advertising to be  
11 displayed on the Ad Toppers. LEIGH informed investors that the Ad Toppers could be  
12 depreciated as business equipment to offset the income tax liability of investors.

13       19. LEIGH further represented that, after three years, investors could recover their original  
14 investment in the Ad Toppers by selling the machines back to DNE for the original purchase  
15 price.

16       20. LEIGH's commissions on sales of Ad Toppers to Arizona investors totaled in excess of  
17 \$449,000, making him by far the most prolific Arizona salesman of the Ad Topper product.

18       21. LEIGH failed to disclose to prospective investors the amount of commissions earned on  
19 his sales of the Ad Topper.

20       22. UCI stopped paying investors in approximately May 2005. Nevertheless, LEIGH  
21 continued to represent to investors that they would receive a full return on their investment.  
22 LEIGH told investors that UCI payments had stopped as a result of a computer virus that had  
23 infiltrated UCI's computers. LEIGH then informed investors that there was going to be a buyout  
24 of the Ad Topper program by an investor who was prepared to pay investors a premium.

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1       23. LEIGH discouraged investors from attempting to communicate directly with UCI/DNE  
2 personnel in attempts to learn why UCI/DNE had stopped paying investors their returns.  
3 LEIGH asked his investors to stop calling UCI/DNE directly because, according to LEIGH, “each  
4 time they have to stop working to talk with you only delays the process of making out your  
5 checks.” LEIGH informed investors that he would contact them on behalf of UCI/DNE with any  
6 updates.

7       24. In July 2005, LEIGH informed investors that there was nothing wrong with their  
8 investment and that UCI/DNE was “still doing what they have been doing for you all along.”

9       25. LEIGH’s willingness to update his investors only existed so long as his investors did not  
10 complain to any regulatory agency regarding UCI/DNE. LEIGH wrote to several investors and  
11 informed them that he would not continue providing updates to any investor who LEIGH thought  
12 might have complained to a regulatory authority in such a way as to implicate LEIGH in the sale  
13 of the Ad Toppers.

14       26. LEIGH, while associated with an entity known as The Chamber Group, offered  
15 investments in a DNE money voucher machine program for a minimum investment of \$4,000.  
16 As part of the money voucher machine program, management services were offered for the  
17 machines to investors through DNE. The DNE money voucher machine program preceded the  
18 introduction of the DNE Ad Topper program.

19       27. According to the offering documents, money voucher machines were similar to Ad  
20 Toppers in the method by which they were promoted. DNE’s services related to the money  
21 voucher machine program included “finding high traffic locations, installation, servicing and the  
22 monitoring of high quality money vouchers.” Like Ad Toppers, the money voucher machines  
23 could be purchased in \$4,000 units.

24       28. In December 2000, the Commission issued a Temporary Order to Cease and Desist and  
25 Notice of Opportunity for Hearing (Docket No. S-03438A-00-0000) regarding The Chamber  
26

1 Group and other related entities and individuals alleging, in part, that the DNE money voucher  
2 machine agreements were securities in the form of investment contracts. In March 2002, an  
3 Opinion and Order was issued finding that the DNE money voucher machine agreements were  
4 securities in the form of investment contracts and full restitution was ordered to be made to  
5 individuals who had invested in the money voucher machines through The Chamber Group.

6 29. Despite his prior association with The Chamber Group, LEIGH failed to inform  
7 prospective investors of the March 2002 Opinion and Order related to The Chamber Group and  
8 its offer and sale of the DNE money voucher machines.

9 30. On April 7, 2004, the State of Pennsylvania issued an Order to Cease and Desist against  
10 DNE and others related to the sale of Ad Toppers and alleging, in part, that the DNE Ad Topper  
11 agreements were securities.

12 31. LEIGH failed to inform prospective investors of the April 7, 2004 Order to Cease and  
13 Desist issued in the State of Pennsylvania related to the Ad Topper program.

14 32. On April 3, 2006, the Securities and Exchange Commission filed a Complaint in the  
15 United States District Court for the Northern District of Texas, Dallas Division against UCI/DNE  
16 and others alleging that they raised at least \$18 million from hundreds of investors nationwide  
17 from April 2001 through at least May 2005 through an unregistered offering of securities in the  
18 form of investment contracts involving Ad Toppers. The SEC Complaint alleges that UCI/DNE,  
19 through the offer and sale of Ad Toppers were conducting a Ponzi scheme.

20 33. On July 7, 2006, an Agreed Order of Permanent Injunction was entered by the SEC  
21 against DNE permanently enjoining them from violating Securities laws and ordering restitution  
22 in an amount to be determined.

23 **B. LEIGH's Sales of the Universal lease**

24 34. LEIGH, while associated with The Chamber Group and through CAG, sold Universal  
25 leases totaling in excess of \$360,000 to Arizona investors.

1       35. The Universal lease program ("Universal lease") was designed, promoted and operated by  
2 Yucatan Resorts, Inc. ("Yucatan"), along with Yucatan Resorts, S.A. ("Yucatan-S.A.") and  
3 involved investments in hotel units in Cancun, Mexico and other Central American locales from  
4 approximately March 2000 to December 2002.

5       36. Resort Holdings International, Inc. ("RHI") and Resort Holding International, S.A. ("RHI-  
6 S.A.") began replacing Yucatan as the primary promoter and operator of the Universal lease  
7 program within the State of Arizona in or around May 2002.

8       37. Under the terms of the Universal lease program, investors were required to invest a minimum  
9 of \$5,000, but were allowed to invest any amount in excess of that sum. The Universal lease  
10 promotional materials presented investors with the opportunity to select one of three separate  
11 Universal lease "options."

12       38. Under "Option 1" of the Universal lease, investors could choose to forego any returns on  
13 their investments, and instead elect to utilize a unit themselves. Pursuant to this option, an investor  
14 would be assigned a specific unit, for a specific week, and at a specific location, and only after a  
15 minimum investment of \$5,000 had been paid. The investor had no input as to the date, quality or  
16 location of the assignment.

17       39. The Universal lease "Option 2," presented investors the opportunity to rent out assigned units  
18 themselves. Option 2 again required the purchaser to forego any guaranteed investment returns, and  
19 instead imposed substantial annual maintenance fees on the purchaser for the full 25 year lease term.  
20 Prospective Option 2 purchasers were unaware, until after the purchase had been made, of the  
21 location, resort type and permitted dates of use for the unit.

22       40. Sales and promotional materials focused on and emphasized Option 3. According to  
23 Universal lease promotional brochures, investors who chose Option 3 would be eligible to receive a  
24 guaranteed 11 percent (subsequently lowered to 9 percent) annual return on their investments for a  
25 period of 25 years, after which time the lease could be renewed for another 20 years. For an investor  
26

1 to reap the 11 and later 9 percent per annum return under Option 3, the investor was required, as part  
2 of the investment, to hire a "third party" management company to lease the investor's unit. All  
3 investors who purchased contracts through LEIGH selected Option 3.

4 41. The Universal lease materials identified World Phantasy Tours, Inc., ("World Phantasy"), as  
5 the designated third party management company responsible for leasing the investors' unit.  
6 Selecting World Phantasy, the only management company identified or offered, as the leasing agent  
7 was the only method under which investors could earn the promised 11 or 9 percent rate of return on  
8 their Universal lease for the life of the Universal lease.

9 42. The investors had no duties or responsibilities following their investments, and relied solely  
10 on others for development of new units and/or management of existing rental units to generate the  
11 rental profits that would purportedly support the investors' investment returns.

12 43. According to LEIGH's sales materials for the Universal lease, the Universal lease provided  
13 stable principal, an investment not subject to stock market risks, principal secured by a fully insured  
14 asset, monthly return, the ability to recoup up to 5 percent of any liquidation penalty incurred during  
15 the process of rolling other investments into the Universal lease program and 100% liquidity after 36  
16 months.

17 44. Prior to and during the period of sales to investors in Arizona by LEIGH, Yucatan and its  
18 related entities had been subject to investigations and orders in multiple states involving its  
19 development, marketing and sale of promissory notes and Universal leases. LEIGH failed to disclose  
20 this information to prospective investors with whom he dealt.

21 45. The orders that LEIGH could have revealed to investors include:

22 a) May 18, 1999 administrative order by the New Mexico Securities Division in the matter  
23 of Yucatan Investment Corp., Michael E. Kelly (hereinafter "Kelly") and others for the sale of  
24 unregistered, non-exempt securities through unlicensed sales agents. Kelly was the sole  
25 incorporator, statutory agent, president and secretary of Yucatan Investments, and Yucatan  
26

1 Investment was based out of the same business address as Yucatan, Yucatan-S.A., RHI, and RHI-  
2 S.A. Yucatan Investments' operation was the immediate predecessor to the current Universal lease  
3 program; Kelly was the founder, president and owner of Yucatan and was a director, officer and  
4 owner of Yucatan S.A. Kelly is the founder, chairman and owner of RHI;

5 b) July 26, 1999, Consent with the South Carolina Securities Division signed by Kelly on  
6 behalf of himself and Yucatan Investment Corp. for the sale of unregistered, nonexempt securities  
7 through unregistered sales agents;

8 c) October 4, 1999, Consent Order to Cease and Desist with the Minnesota Department of  
9 Commerce signed by Kelly as president of Yucatan Investment Corp. for the sale of unregistered,  
10 nonexempt securities;

11 d) November 7, 2000, Order to Cease and Desist, that became permanent on December 21,  
12 2000, by the Connecticut Department of Banking related to Yucatan Investment Corp. for the sale of  
13 unregistered, nonexempt securities in the form of promissory notes through unlicensed sales agents;

14 e) April 2, 2001, Order of Prohibition and Revocation by the Wisconsin Securities Division  
15 related to Kelly, Yucatan Resorts, Inc., Yucatan Resorts, S.A., RHI, Inc. and RHI-S.A. for the sale of  
16 unregistered securities by unlicensed sales agents and for securities fraud in violation of Wisconsin  
17 law (revoked and replaced by subsequent Consent Order signed by Kelly on behalf of Yucatan  
18 Resorts, S.A. on March 12, 2003;

19 **IV. VIOLATION OF A.R.S. § 44-1841**  
20 **(Offer or Sale of Unregistered Securities)**

21 46. From on or about January 2001 through at least March 2005, LEIGH offered or sold  
22 securities in the form of investment contracts within or from Arizona.

23 47. The securities referred to above were not registered pursuant to the provisions of Articles 6 or  
24 7 of the Securities Act.

25 48. This conduct violates A.R.S. § 44-1841.



1 partnership interests to customers that he had no reasonable grounds to believe were suitable for the  
2 customer to whom the investment was recommended;

3 f) Failing to disclose to offerees and investors the existence of the regulatory action  
4 taken by the Division against The Chamber Group and related individuals resulting in an Order  
5 finding DNE money voucher machines to be securities in the form of investment contracts and  
6 ordering full restitution to investors in the money voucher program;

7 g) Misrepresenting to offerees and investors that CAG Financial Services, L.L.C. was an  
8 entity in existence for 27 years with more than \$115 million in assets under management;

9 h) Misrepresenting to offerees and investors that CAG Financial Services, L.L.C. was an  
10 entity in existence for 29 years with more than \$75 million in assets under management;

11 i) Misrepresenting to offerees and investors that they could depreciate the Ad Toppers  
12 as business equipment to offset their income tax liability.

13 52. This conduct violates A.R.S. § 44-1991.

14 **VII. REQUESTED RELIEF**

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

17 1. Order RESPONDENTS to permanently cease and desist from violating the Securities  
18 Act, pursuant to A.R.S. § 44-2032;

19 2. Order RESPONDENTS to take affirmative action to correct the conditions resulting  
20 from their acts, practices or transactions, including a requirement to make restitution pursuant to  
21 A.R.S. § 44-2032;

22 3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to  
23 five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

24 4. Order any other relief that the Commission deems appropriate.  
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### VIII. HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If any RESPONDENT requests a hearing, the RESPONDENT must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Each RESPONDENT must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the 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).

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission may, without a hearing, enter an order against each RESPONDENT granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, Executive Assistant to the Executive Director, voice phone number 602/542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov). Requests should be made as early as possible to allow time to arrange the accommodation.

### IX. ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if any RESPONDENT requests a hearing, RESPONDENT must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice of Opportunity for Hearing. A Docket Control cover sheet must accompany the Answer. A cover sheet form and instructions may be obtained

1 from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at  
2 www.cc.state.az.us/utility/forms/index.htm.

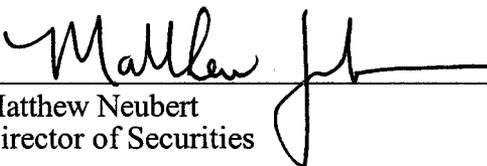
3 Additionally, RESPONDENT must serve the Answer upon the Division. Pursuant to  
4 A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a  
5 copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007,  
6 addressed to William W. Black, Staff Attorney.

7 The Answer shall contain an admission or denial of each allegation in this Notice and the  
8 original signature of each RESPONDENT, RESPONDENT'S attorney. A statement of a lack of  
9 sufficient knowledge or information shall be considered a denial of an allegation. An allegation  
10 not denied shall be considered admitted.

11 When RESPONDENT intends in good faith to deny only a part or a qualification of an  
12 allegation, RESPONDENT shall specify that part or qualification of the allegation and shall admit  
13 the remainder. RESPONDENT waives any affirmative defense not raised in the answer.

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

16 Dated this 28 day of March, 2007.

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19 Matthew Neubert  
20 Director of Securities  
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