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BEFORE THE ARIZONA CORPORATION COMMISSION

2007 APR 17 P 3: 50

Arizona Corporation Commission

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APR 17 2007

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GARY PIERCE

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In the matter of:)
 ESTATE PROTECTION CONSULTANTS,)
 L.L.C., an Arizona limited liability company, dba)
 Estate Protection Consultants)
 913 S. Picacho St.)
 Coolidge, AZ 85228)
 RAMON CONRADO VILLA VASQUEZ aka)
 RAY C. VILLA and JANE DOE VILLA,)
 husband and wife,)
 Respondents.)

DOCKET NO. S-20530A-07-0245

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 ESTATE PROTECTION CONSULTANTS, L.L.C., an Arizona limited liability company, dba Estate Protection Consultants ("EPC") and RAMON CONRADO VILLA VASQUEZ aka RAY C. VILLA ("VILLA") 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.

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II.

RESPONDENTS

2. EPC is a limited liability company organized in Arizona on or about May 23, 2001, operated from 913 S. Picacho St., Coolidge, AZ 85228, 960 S. Picacho Street, Coolidge, AZ 85228 and 4225 E. University Dr. #149, Mesa, AZ 85205.

3. VILLA, managing member of EPC, was at all pertinent times an Arizona resident.

4. Jane Doe Villa was at all relevant times the spouse of VILLA. Jane Doe Villa is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

5. At all times relevant, VILLA and Jane Doe Villa were acting for their own benefit, and for the benefit or in furtherance of the marital community.

6. VILLA and EPC may be collectively referred to as "Respondents." Jane Doe Villa may be referred to as "Respondent Spouse."

III.

FACTS

7. EPC and VILLA are not registered as securities dealers with the Commission. VILLA is also not registered as a securities salesman. VILLA has an Arizona insurance license and is licensed to sell certain insurance products within Arizona.

THE EPC PROMISSORY NOTES

8. Beginning in or around 2003, Respondents advertised EPC as an estate planning business providing a variety of services, including the preparation of trusts, powers of attorney, last wills and testaments, living wills, and planning for death or distribution of assets.

9. Respondents solicited Arizona residents through public mailings, inviting them to attend free estate planning seminars for investor protection to learn how to protect their assets through

1 preparation of trusts, purchase of annuities, and “spending down” assets by gifts to beneficiaries in
2 order to become eligible for Medicaid, Arizona’s state-subsidized long-term care program.

3 10. At the close of a seminar, VILLA passed around a paper that asked the individuals attending
4 to write their name and phone number down if they were interested in an investment or additional
5 information with EPC, telling attendees that someone would get back with them within 48 hours.
6 Then, the following day VILLA’s office assistant contacted attendees who indicated an interest and
7 set up a meeting for VILLA to meet with them in their homes.

8 11. VILLA traveled to various locations in Arizona, offering financial or estate planning
9 services and selling trusts, wills and annuities to investors, mostly elderly Arizona residents.

10 12. In some instances, Respondents offered EPC customers an opportunity to earn a profit from
11 loaning money to EPC for capital to use in developing Respondents’ estate planning business.
12 VILLA told some investors that their money would be used to start up a new estate planning
13 business in Colorado. VILLA told other investors that he was going to invest their money in a real
14 estate development, but did not tell them that the purported real estate development was in Mexico.

15 13. Respondents sold investors promissory notes issued by EPC and personally guaranteed by
16 VILLA.

17 14. Respondents represented the EPC note investments as safe and failed to disclose specific
18 risks, such as Respondents’ financial problems and unpaid bills.

19 15. VILLA filed for Chapter 7 bankruptcy protection in or around 1988 and again in or around
20 2001. Respondents failed to disclose these facts to note investors.

21 16. VILLA had legal problems resulting from felony criminal charges brought against him in or
22 around 2002 in another state for carrying a concealed weapon, and used at least one investor’s
23 funds to pay his expenses relating to those legal problems. Respondents failed to disclose these
24 facts to note investors.

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1 17. VILLA told some investors that the notes were as safe as their CD investments, but paid
2 higher returns.

3 18. The notes were unsecured obligations of EPC with personal guarantees from VILLA,
4 offering interest rates varying from 12% to 50% per annum, with repayment periods from six to
5 twelve months or on demand with 30 days notice, and in some instances, an option to renew for a
6 second 12-month period.

7 19. Respondents did not provide the investors with any disclosure statements, offering
8 documents or prospectuses regarding the promissory notes. Respondents did not provide the
9 investors with any financial information.

10 20. From 2003 through 2005, Respondents sold at least seven EPC promissory notes, i.e.,
11 securities, mostly to Arizona residents, for a total principal amount of at least \$110,000.00.

12 21. Respondents made payments on the notes for approximately two to six months, and then
13 stopped paying.

14 22. The investors or lenders were disabled and/or retired persons who were unsophisticated and
15 inexperienced in investment risks, and who needed the income from the notes.

16 23. VILLA used at least some investor funds from the sale of the notes to pay his own personal
17 expenses.

18 24. Some investors liquidated safe investments, such as certificates of deposit or bank savings,
19 to fund these investment loans to Respondents, based upon VILLA's assurances that the EPC notes
20 were safe and would pay them higher returns.

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IV.

VIOLATION OF A.R.S. § 44-1841

(Offer or Sale of Unregistered Securities)

25. From in or around June 2003 through February 2005, Respondents offered or sold securities in the form of notes, within or from Arizona.

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

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

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

28. Respondents offered or sold securities within or from Arizona, while not registered as dealers or salesmen pursuant to the provisions of Article 9 of the Securities Act.

29. 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)

30. In connection with the offer or sale of securities within or from Arizona, Respondents 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 which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; and (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

- a) Misrepresenting and/or failing to disclose specific uses of investor funds;

- 1 b) Misrepresenting and/or failing to disclose the financial condition of EPC.
- 2 c) Failing to disclose the personal background and financial condition of VILLA, the
- 3 guarantor on the notes; and
- 4 d) Misrepresenting and/or failing to disclose specific risks involved in the investments.

5 31. This conduct violates A.R.S. § 44-1991.

6 **VII.**

7 **REQUESTED RELIEF**

8 The Division requests that the Commission grant the following relief against Respondents:

- 9 1. Order Respondents to permanently cease and desist from violating the Securities Act,
- 10 pursuant to A.R.S. § 44-2032;
- 11 2. Order Respondents to take affirmative action to correct the conditions resulting from their
- 12 acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-
- 13 2032;
- 14 3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand
- 15 dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
- 16 4. Order that the marital communities of VILLA and Respondent Spouse be subject to any order
- 17 of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to
- 18 A.R.S. § 25-215; and
- 19 5. Order any other relief that the Commission deems appropriate.

20 **VIII.**

21 **HEARING OPPORTUNITY**

22 Respondents including Respondent Spouse may request a hearing pursuant to A.R.S. § 44-

23 1972 and A.A.C. R14-4-306. **If any Respondent or Respondent Spouse requests a hearing, the**

24 **Respondent or Respondent Spouse must also answer this Notice.** A request for hearing must be

25 in writing and received by the Commission within 10 business days after service of this Notice of

1 Opportunity for Hearing. Each Respondent or Respondent Spouse must deliver or mail the request
2 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
3 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and
4 instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's
5 Internet web site at www.azcc.gov/divisions/util/forms/dktcover.pdf.

6 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin
7 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the
8 parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission
9 may, without a hearing, enter an order against each Respondent or Respondent Spouse granting the
10 relief requested by the Division in this Notice of Opportunity for Hearing.

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

16 **IX.**

17 **ANSWER REQUIREMENT**

18 Pursuant to A.A.C. R14-4-305, if any Respondent, Respondent Spouse or Respondents
19 requests a hearing, such Respondent or Respondent Spouse must deliver or mail an Answer to this
20 Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W.
21 Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this
22 Notice of Opportunity for Hearing. A Docket Control cover sheet must accompany the Answer. A
23 cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477
24 or on the Commission's Internet web site at www.azcc.gov/divisions/util/forms/dktcover.pdf.

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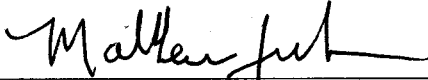
Additionally, Respondent, Respondent Spouse or Respondents must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Pamela T. Johnson, the attorney of record.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of each Respondent, Respondent Spouse or Respondent’s attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When any Respondent or Respondent Spouse intends in good faith to deny only a part or a qualification of an allegation, such Respondent or Respondent Spouse shall specify that part or qualification of the allegation and shall admit the remainder. Respondent, Respondent Spouse or Respondents waives any affirmative defense not raised in the answer.

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

Dated this 17 day of April, 2007.



Matthew Neubert
Director of Securities