

ORIGINAL



NEW APPLICATION

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BEFORE THE ARIZONA CORPORATION COMMISSION

2003 OCT 20 A 8:24

COMMISSIONERS

- MARC SPITZER, Chairman
- WILLIAM A. MUNDELL
- JEFF HATCH-MILLER
- MIKE GLEASON
- KRISTIN K. MAYES

NEW

ARIZONA CORPORATION COMMISSION DOCUMENT CONTROL

DOCKETED

In the matter of:)
)
) **OCT 20 2003**)
)
) ROBERT SHAKMAN)
) 10249 E. Celtic Drive)
) Scottsdale, Arizona 85260)
)
) HEALTHCARE PURCHASING ALLIANCE,)
) INC.,)
) 7150 E. Camelback Road, Suite 300)
) Scottsdale, Arizona 85251,)
)
) Respondents.)

DOCKET NO. S-03184A-03-0000

NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST ORDER, FOR RESTITUTION AND 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 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. Respondent ROBERT SHAKMAN ("SHAKMAN") was at all relevant times a resident of Arizona, and the president, director and principal shareholder of Respondent

1 HEALTHCARE PURCHASING ALLIANCE, INC. Upon information and belief, SHAKMAN
2 now resides in Scottsdale, Arizona.

3 3. Respondent HEALTHCARE PURCHASING ALLIANCE, INC. ("HPA") was at all
4 relevant times an Arizona corporation with its principal place of business at 7150 E. Camelback
5 Road, Suite 300, Scottsdale, Arizona 85251. HPA was administratively dissolved on or about
6 January 10, 1997 for failure to file annual reports.

7 4. SHAKMAN and HPA may be collectively referred to as "RESPONDENTS."

8 **III.**

9 **FACTS**

10 5. Paragraphs 1 through 4 are realleged.

11 6. SHAKMAN incorporated HPA in Arizona on or about November 4, 1993.

12 7. SHAKMAN described HPA as a "Group Purchasing Organization" created to
13 provide group buying power to its members. The members were to consist of individual and small
14 group health care practices, including physicians, osteopaths, dentists and veterinarians. HPA was
15 to negotiate, on behalf of its members, contracts with local and national companies for medical
16 supplies and services.

17 8. According to an HPA offering document entitled, "Investment Opportunity for
18 Health Care Purchasing Alliance, Inc.," HPA was offering six percent (6%) of its stock for the
19 purpose of raising one hundred two thousand dollars (\$102,000). HPA was to use the capital raised
20 from the sale of its stock to finance expansion and meet its then-current financial obligations.

21 9. The offering document provides that investors would earn returns two ways: (i)
22 increases in the stock's value; and (ii) annual profit distributions.

23 10. HPA's offering document also stated that "investors should receive a 7-12% return
24 during the first year and be earning in the 20% rate at the end of the first year."
25
26

1 44-1843 or § 44-1843.01; were not offered or sold in exempt transactions under A.R.S. § 44-1844;
2 and were not securities exempt under any rule or order promulgated by the Commission.

3 21. This alleged conduct violates A.R.S. § 44-1841.

4 **V.**

5 **VIOLATION OF SECTION 44-1842 OF THE**
6 **ARIZONA SECURITIES ACT**

7 **Transactions by Unregistered Dealers and Salesmen**

8 22. Paragraphs 1 through 21 are realleged.

9 23. In connection with the offers to sell and sales of securities, RESPONDENTS acted
10 as dealers and/or securities salesmen within Arizona, although not registered pursuant to the
11 provisions of Article 9 of the Arizona Securities Act.

12 24. This alleged conduct violates A.R.S. § 44-1842.

13 **VI.**

14 **VIOLATION OF SECTION 44-1991**
15 **ARIZONA SECURITIES ACT**

16 **Fraud in Connection with the Offer and Sale of Securities**

17 25. Paragraphs 1 through 24 are realleged.

18 26. In connection with the offers and sales of securities, RESPONDENTS, directly or
19 indirectly, made untrue statements of material fact and omitted to state material facts which were
20 necessary in order to make the statements made not misleading in light of the circumstances under
21 which they were made. RESPONDENTS also engaged in transactions, practices or courses of
22 business which operated or would operate as a fraud or deceit upon offerees and investors within the
23 meaning of A.R.S. § 44-1991, including, but not limited to the following:

- 24 a. RESPONDENTS represented to investors that the investments could be refunded at
25 any time with "no questions asked," when in fact, RESPONDENTS denied certain
26

1 investors' requests for refunds, while other investors have been unable to contact
2 RESPONDENTS to request a refund.

3 b. RESPONDENTS represented to investors that HPA stockholders would begin
4 receiving quarterly dividend checks in January 1995, when in fact, HPA never paid
5 dividends to the investors.

6 c. SHAKMAN guaranteed investors a twenty percent (20%) annual return on their
7 investment twenty-four (24) months after making the investment, when in fact, the
8 investors have never received a return on their investments.

9 d. RESPONDENTS overstated and otherwise misrepresented to investors the number
10 of members who enrolled in HPA's program.

11 e. RESPONDENTS overstated and otherwise misrepresented to investors the number
12 and/or nature of HPA's contractual agreements with health care suppliers and
13 service providers.

14 f. SHAKMAN represented to investors that he was a doctor and licensed dentist, when
15 in fact, SHAKMAN was neither a doctor nor a licensed dentist.

16 g. RESPONDENTS failed to provide to investors a balance sheet and/or profit and loss
17 statement reflecting HPA's financial condition and results of operations.

18 h. RESPONDENTS represented to investors that HPA was offering its shares in
19 compliance with state and federal securities laws, when in fact, the offerings were
20 not in compliance with applicable securities laws.

21 27. This alleged conduct violates A.R.S. § 44-1991.

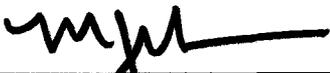
22 **XII.**

23 **REQUESTED RELIEF**

24 The Division requests that the Commission grant the following relief against
25 RESPONDENTS:
26

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

3 Dated this 20 day of october, 2003.

4
5 
6 _____
7 Matthew J. Neubert
8 Acting-Director of Securities

9 wc

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