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



BRIAN C. McNEIL
EXECUTIVE DIRECTOR

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Mike Gleason, Chairman
William A. Mundell
Jeff Hatch-Miller
Kristin K. Mayes
Gary Pierce

Arizona Corporation Commission
DOCKETED

JUL 27 2007

FROM: Matthew J. Neubert
Director of Securities

DOCKETED BY

DATE: July 20, 2007

RE: Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same: Estate Protection Consultants, LLC, Ray C. Villa and Maria Villa, husband and wife, Docket No. S-20530A-07-0245

CC: Brian C. McNeil, Executive Director

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Attached is a proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") by Respondents Estate Protection Consultants, LLC ("EPC"), Ray C. Villa ("Villa") and Maria Villa, husband and wife. Villa is an Arizona insurance salesman who operated out of locations in Coolidge and Mesa, Arizona, and traveled to various locations in Arizona for the purpose of conducting estate planning seminars for retired persons on planning for death or distribution of assets.

The proposed Order finds that in from 2003 through 2005, EPC and Villa ("Respondents") solicited at least \$135,000.00 from at least ten private individuals, mostly Arizona residents. The loans ranged from \$5,000.00 to \$50,000.00. Respondents offered each of the lenders "Loan Agreements," i.e., securities in the form of notes. Respondents misrepresented and failed to disclose material information including specific use of the funds, financial problems of Respondents, and risks of losing their investment funds. Respondents made payments on some of the notes for approximately two to six months, and then stopped paying. The lenders were unsophisticated retired persons who were inexperienced in investments and risks. Some investors liquidated safe investments, such as certificates of deposit or bank savings to fund these loans to Respondents, based upon Ray Villa's assurances of repayment and high

returns. The proposed Order finds that Ray Villa used the investors' funds for his own personal benefit and to pay his own personal expenses.

In this proposed Order, Villa and the marital community of Villa and Maria Villa, have agreed to a cease and desist order, restitution in the amount of \$135,000.00 plus interest at the statutory legal rate from the date of the investments, and administrative penalties in the amount of \$50,000.00.

Originated by: Pam Johnson

MJN/ptj

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of)	
ESTATE PROTECTION CONSULTANTS,)	DOCKET NO. S-20530A-07-0245
L.L.C., an Arizona limited liability)	
company, dba Estate Protection Consultants)	DECISION NO. _____
913 S. Picacho St.)	
Coolidge, AZ 85228)	
RAMON CONRADO VILLA VASQUEZ)	ORDER TO CEASE AND DESIST, ORDER
aka RAY C. VILLA and MARIA J. VILLA,)	OF RESTITUTION, ORDER FOR
husband and wife,)	ADMINISTRATIVE PENALTIES AND
)	CONSENT TO SAME
Respondents.)	

Respondents ESTATE PROTECTION CONSULTANTS, L.L.C., an Arizona limited liability company, dba Estate Protection Consultants ("EPC"), RAMON CONRADO VILLA VASQUEZ aka RAY C. VILLA ("Ray Villa") (collectively referred to as "Respondents") and MARIA J. VILLA ("Respondent Spouse"), elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, Order for Administrative Penalties and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding and any other administrative proceeding before the Commission the Findings of Fact and

1 Conclusions of Law contained in this Order; and consent to the entry of this Order by the
2 Commission.

3 **I.**

4 **FINDINGS OF FACT**

5 1. EPC is a limited liability company organized in Arizona on or about May 23, 2001, operated
6 from Ray Villa's residences in Coolidge and Mesa, Arizona.

7 2. Ray Villa, managing member of EPC, was at all pertinent times an Arizona resident.

8 3. Respondent Spouse was at all relevant times the spouse of Ray Villa. Respondent Spouse is
9 joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of
10 the marital community.

11 4. At all times relevant, Ray Villa was acting for the benefit or in furtherance of the marital
12 community.

13 5. Respondents are not registered as securities dealers or salesmen with the Commission. Ray
14 Villa has an Arizona insurance license and is licensed to sell certain insurance products within
15 Arizona.

16 **THE EPC PROMISSORY NOTES**

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

20 7. Ray Villa through EPC solicited residents of Arizona or of the United States through public
21 mailings inviting them to attend seminars to learn how to protect their assets from death-probate,
22 Medicaid spend down, Medicaid Strategies, and other asset protection strategies.

23 8. At the close of a seminar, Ray Villa passed around "lead cards" that asked the individuals
24 attending to write their name and phone number down if they were interested in estate planning
25 services from EPC, and told attendees that someone would get back with them within 48 hours.

26

1 On the day following the seminars, Ray Villa's office assistant contacted attendees who indicated
2 an interest and set up a meeting for Ray Villa to meet with them in their homes.

3 9. Ray Villa traveled to various locations in Arizona, to give seminars and to meet with
4 customers of EPC to prepare trusts, last wills, powers of attorney, and living wills. Ray Villa also
5 offered fixed annuities, non-securities insurance products. Ray Villa worked primarily with seniors
6 or elderly Arizona residents because those were the people that start to think about protecting what
7 they have through trusts, last wills, powers of attorney, beneficiary deeds, payable on death
8 provision, etc. They also are more interested in protecting what they have and not having it at risk
9 in the stock market. Ray Villa told people that he did not sell investments or securities.

10 10. In some instances, Respondents offered EPC customers an opportunity to earn interest from
11 loaning money to EPC for capital to use in developing Respondents' estate planning business. Ray
12 Villa told some people that their money would be used to start up a new estate planning business in
13 Colorado. Ray Villa told other investors that he was going to use their money for an investment in
14 a real estate development, but that he personally would be obligated to repay them for their loans.

15 11. Ray Villa asked people for loans that would be guaranteed by himself and his company. In
16 exchange for such loans, Respondents gave lenders "Loan Agreements" between EPC and the
17 lenders, and signed by Ray Villa as statutory agent for EPC.

18 12. Ray Villa asked for loans at a fixed rate of interest with personal and company guarantees.
19 Although Respondents had suffered financial problems and were unable to pay their bills,
20 Respondents did not disclose any risks relating to their ability to repay the loans.

21 13. Ray Villa had filed for Chapter 7 bankruptcy protection in or around 1988 and again in or
22 around 2001. Respondents did not disclose these past bankruptcies to their lenders. Ray Villa did
23 not disclose these facts when asking people for loans.

24 14. Ray Villa had legal problems resulting from criminal charges brought against him in or
25 around 2002 in another state for carrying a concealed weapon. Ray Villa used lender's funds to
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1 pay his expenses relating to those legal problems. Respondents did not disclose these problems to
2 their lenders when asking people for loans.

3 15. Ray Villa offered his lenders high returns on their loans, guaranteed by himself and EPC.

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

7 17. From 2003 through 2005, Ray Villa solicited at least \$135,000.00 from at least ten private
8 individuals, mostly Arizona residents. The loans ranged from \$5,000.00 to \$50,000.00. Ray Villa
9 offered each of the lenders "Loan Agreements," i.e., securities in the form of notes.

10 18. Respondents did not provide the lenders with any disclosure statements, offering documents
11 or prospectuses relating to Respondents or the Loan Agreements.

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

14 20. Most of the lenders were unsophisticated retired persons who were inexperienced in
15 investments and risks.

16 21. Some investors liquidated safe investments, such as certificates of deposit or bank savings
17 to fund these loans to Respondents, based upon Ray Villa's assurances of repayment and high
18 returns.

19 22. Ray Villa used most of the investors' funds for his own personal benefit and to pay his own
20 personal expenses, but failed to disclose the specific use to his lenders.

21 23. Respondents EPC and Ray Villa misrepresented and/or failed to disclose the financial
22 problems of EPC and Ray Villa to the lenders, or the risks of losing their funds.

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II.

CONCLUSIONS OF LAW

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

5 2. Respondents EPC and Ray Villa offered or sold securities within or from Arizona,
6 within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

7 3. Respondents EPC and Ray Villa violated A.R.S. § 44-1841 by offering or selling
8 securities that were neither registered nor exempt from registration.

9 4. Respondents EPC and Ray Villa violated A.R.S. § 44-1842 by offering or selling
10 securities while neither registered as dealers or salesmen nor exempt from registration.

11 5. Respondents EPC and Ray Villa violated A.R.S. § 44-1991.

12 6. Respondents EPC and Ray Villa's conduct is grounds for a cease and desist order
13 pursuant to A.R.S. § 44-2032.

14 7. Respondents EPC and Ray Villa's conduct is grounds for an order of restitution
15 pursuant to A.R.S. § 44-2032.

16 8. Respondents EPC and Ray Villa's conduct is grounds for administrative penalties
17 under A.R.S. § 44-2036.

18 9. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for
19 purposes of determining the liability of the marital community.

III.

ORDER

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22 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'
23 consent to the entry of this Order, attached and incorporated by reference, the Commission finds
24 that the following relief is appropriate, in the public interest, and necessary for the protection of
25 investors:
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1 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of
2 Respondents' agents, employees, successors and assigns, permanently cease and desist from
3 violating the Securities Act. Respondents shall not sell any securities in or from Arizona without
4 being registered in Arizona as dealers or salesmen, or exempt from such registration. Respondents
5 shall not sell securities in or from Arizona unless the securities are registered in Arizona or exempt
6 from registration.

7 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry
8 of Order.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents EPC and
10 Ray Villa including the marital community of Respondent Ray Villa and Respondent Spouse,
11 shall, jointly and severally, pay restitution to the Commission in the amount of \$135,000.00. Any
12 amount outstanding shall accrue interest at the statutory legal rate from the date of purchase until
13 paid in full. Interest in the amount of \$41,891.78 has accrued from the date of purchase to the date
14 of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing
15 account maintained and controlled by the Commission. The Commission shall disburse the funds
16 on a pro rata basis to investors shown on the records of the Commission. Any restitution funds
17 that the Commission cannot disburse because an investor refuses to accept such payment shall be
18 disbursed on a pro-rata basis to the remaining investors shown on the records of the Commission.
19 Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be
20 applied to the administrative penalties.

21 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents EPC and
22 Ray Villa including the marital community of Respondent Ray Villa and Respondent Spouse shall,
23 jointly and severally, pay an administrative penalty in the amount of \$50,000.00. Payment shall be
24 made in full on the date of this Order to the "State of Arizona." Any amount outstanding shall
25 accrue interest at the statutory legal rate from the date of this Order until paid in full. The payment
26 obligations for these administrative penalties shall be subordinate to any restitution obligations

1 ordered herein and shall become immediately due and payable only after restitution payments have
2 been paid in full or upon Respondents' default with respect of Respondents' restitution obligations.

3 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of
4 default. If any Respondent does not comply with this Order, any outstanding balance may be
5 deemed in default and shall be immediately due and payable.

6 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the

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1 Commission may bring further legal proceedings against that Respondent, including application to
2 the superior court for an order of contempt.

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

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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7 CHAIRMAN

COMMISSIONER

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9 COMMISSIONER

COMMISSIONER

COMMISSIONER

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

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20 BRIAN C. McNEIL
21 Executive Director

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23 _____
24 DISSENT

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26 _____
DISSENT

27 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
28 to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

29 (ptj)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents ESTATE PROTECTION CONSULTANTS, L.L.C., an Arizona
3 limited liability company dba Estate Protection Consultants (“EPC”), RAMON CONRADO
4 VILLA VASQUEZ aka RAY C. VILLA (“Ray Villa”) (collectively referred to as “Respondents”)
5 and MARIA J. VILLA, (“Respondent Spouse”) admit the jurisdiction of the Commission over the
6 subject matter of this proceeding. Respondents and Respondent Spouse acknowledge that they
7 have been fully advised of their right to a hearing to present evidence and call witnesses and
8 Respondents and Respondent Spouse knowingly and voluntarily waive any and all rights to a
9 hearing before the Commission and all other rights otherwise available under Article 11 of the
10 Securities Act and Title 14 of the Arizona Administrative Code. Respondents and Respondent
11 Spouse acknowledge that this Order To Cease And Desist, Order of Restitution, Order for
12 Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of the
13 Commission. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for
14 purposes of determining the liability of the marital community.

15 2. Respondents and Respondent Spouse knowingly and voluntarily waive any right
16 under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
17 extraordinary relief resulting from the entry of this Order.

18 3. Respondents and Respondent Spouse acknowledge and agree that this Order is
19 entered into freely and voluntarily and that no promise was made or coercion used to induce such
20 entry.

21 4. Respondents and Respondent Spouse understand and acknowledge that they have a
22 right to seek counsel regarding this Order, and that they have had the opportunity to seek counsel
23 prior to signing this Order. Respondents and Respondent Spouse acknowledge and agree that,
24 despite the foregoing, they freely and voluntarily waive any and all right to consult or obtain
25 counsel prior to signing this Order.
26

1 5. Respondents and Respondent Spouse admit only for purposes of this proceeding
2 and any other administrative proceeding before the Commission the Findings of Fact and
3 Conclusions of Law contained in this Order. Respondents and Respondent Spouse agree that they
4 shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this
5 Order in any present or future administrative proceeding before the Commission.

6 6. By consenting to the entry of this Order, Respondents and Respondent Spouse agree
7 not to take any action or to make, or permit to be made, any public statement denying, directly or
8 indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that
9 this Order is without factual basis. Respondents and Respondent Spouse will undertake steps
10 necessary to assure that all of their agents and employees understand and comply with this
11 agreement.

12 7. While this Order settles this administrative matter between Respondents and
13 Respondent Spouse and the Commission arising out of the facts contained in this Order,
14 Respondents and Respondent Spouse understand that this Order does not preclude the Commission
15 from instituting other administrative or civil proceedings based on violations that are not addressed
16 by this Order.

17 8. Respondents and Respondent Spouse understand that this Order does not preclude
18 the Commission from referring this matter to any governmental agency for administrative, civil, or
19 criminal proceedings that may be related to the matters addressed by this Order.

20 9. Respondents and Respondent Spouse understand that this Order does not preclude
21 any other agency or officer of the state of Arizona or its subdivisions from instituting
22 administrative, civil, or criminal proceedings that may be related to matters addressed by this
23 Order.

24 10. Respondents EPC and Ray Villa agree that they will not apply to the state of
25 Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser
26 or investment adviser representative at any time in the future.

1 11. Respondents EPC and Ray Villa agree that they will not exercise any control over
2 any entity that offers or sells securities or provides investment advisory services within or from
3 Arizona at any time in the future.

4 12. Respondent Ray Villa and Respondent Spouse acknowledge that any restitution or
5 penalties imposed by this Order are obligations of the Respondents as well as Respondent Villa's
6 marital community.

7 13. Respondents and Respondent Spouse consent to the entry of this Order and agree to
8 be fully bound by its terms and conditions.

9 14. Respondents and Respondent Spouse acknowledge and understand that if they fail
10 to comply with the provisions of the order and this consent, the Commission may bring further
11 legal proceedings against them, including application to the superior court for an order of
12 contempt.

13 15. Respondents and Respondent Spouse understand that default shall render them
14 liable to the Commission for its costs of collection and interest at the maximum legal rate.

15 16. Respondents and Respondent Spouse agree and understand that if they fail to make
16 any payment as required in the Order, any outstanding balance shall be in default and shall be
17 immediately due and payable without notice or demand. Respondents and Respondent Spouse
18 agree and understand that acceptance of any partial or late payment by the Commission is not a
19 waiver of default by Commission.

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Docket No. S-20530A-07-0245

1 17. Respondent Ray Villa represents that he is Managing Member of Respondent EPC
2 and has been authorized by EPC to enter into this Order for and on behalf of it.

3 ESTATE PROTECTIONS CONSULTANTS, LLC

4
5 By [Signature]

6 Its Managing Member

7 STATE OF ARIZONA)
8 County of Maricopa) ss

9 SUBSCRIBED AND SWORN TO BEFORE me this 23rd day of July, 2007

[Signature]

10 NOTARY PUBLIC



11 LAURA GASKIN
Notary Public - Arizona
Maricopa County
Expires 10/31/09

12 My Commission Expires:

10/31/09

13
14 [Signature]

15 RAY VILLA

16 [Signature]

17 MARIA J. VILLA, Respondent Spouse

18 STATE OF ARIZONA)
19 County of Maricopa) ss

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21 SUBSCRIBED AND SWORN TO BEFORE me this 23rd day of July, 2007.

[Signature]

22 NOTARY PUBLIC



23 LAURA GASKIN
Notary Public - Arizona
Maricopa County
Expires 10/31/09

24 My Commission Expires:

10/31/09