



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission  
**DOCKETED**

AUG 13 2007

DOCKETED BY nr

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 MARIA J. VILLA, )  
husband and wife, )  
Respondents. )

DOCKET NO. S-20530A-07-0245

DECISION NO. 69775

**ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME**

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

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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.

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

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

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

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

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

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

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

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

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

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

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

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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6 *Lawrence Blumson*

7 CHAIRMAN

*William P. Marlow*

COMMISSIONER

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9 *Jeffrey H. Hatch-Miller*

COMMISSIONER

*R. M. [Signature]*

COMMISSIONER

COMMISSIONER

10  
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 13<sup>th</sup> day of  
August, 2007.

16 *Brian C. McNeil for BCM*

BRIAN C. McNEIL  
Executive Director

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20 DISSENT

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23 DISSENT

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant  
25 to the Executive Director, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

26 (ptj)



**CONSENT TO ENTRY OF ORDER**

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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.

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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 23<sup>rd</sup> day of July, 2007

10 [Signature]  
11 NOTARY PUBLIC



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

11 My Commission Expires:

12 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

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

22 [Signature]  
23 NOTARY PUBLIC



24 LAURA GASKIN  
25 Notary Public - Arizona  
26 Maricopa County  
Expires 10/31/09

23 My Commission Expires:

24 10/31/09