

**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**  
NOV 21 2007

**FROM:** Matthew J. Neubert  
Director of Securities

*MJN*  
DOCKETED BY nr

**RECEIVED**  
2007 NOV 21 P 3:23  
AZ CORP COMMISSION  
DOCKET CONTROL

**DATE:** November 15, 2007

**RE:** Proposed Order to Cease and Desist, Order for Administrative Penalties and Consent to Same: Cockrell Investment Resource Associates, LLC and David A. Cockrell, Docket No. S-20556A-07-0597

**CC:** Dean S. Miller, Interim Executive Director

Attached is a proposed Order to Cease and Desist, Order for Administrative Penalties and Consent to Same ("Order"), fully executed by Respondent David A. Cockrell, on behalf of himself and his business entity, Cockrell Investment Resource Associates, LLC ("Respondents"). The proposed Order requires Respondents to cease and desist from violations of the Arizona Investment Management Act ("IM Act"), and to pay administrative penalties for violations of the website advertising prohibitions against the use of testimonials and recommendations based upon specific past performance.

Respondents recently became licensed under the IM Act in April 2007. In approximately July 2007, Respondents began advertising on the Internet. Their websites included customer testimonials and a chart showing past performance of stock recommendations, in the form of profit percentages earned on buy and sell transactions in unnamed stocks.

The Securities Division ("Division") filed a Temporary Cease and Desist Order on October 18, 2007. Upon receiving a copy of the Temporary Order, Respondents immediately removed the testimonials and the performance charts from public access on their websites.

During the time period before Respondents removed the testimonials and specific performance recommendations from their websites, only one prospective client contacted

Respondents as a result of their website advertising. Respondents have provided no investment advisory services and received no compensation from that prospective customer.

Pursuant to the proposed Order, Respondents have agreed to pay \$2,000.00 in administrative penalties. Respondents have cooperated in this investigation, and the Division supports this proposed Order as serving the public interest.

Originator: Pam Johnson

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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	)	DOCKET NO. S-20556A-07-0597
COCKRELL INVESTMENT RESOURCE	)	DECISION NO. _____
ASSOCIATES, LLC, CRD# 143337	)	<b>ORDER TO CEASE AND DESIST, ORDER</b>
14780 W. Mountain View, Suite 211	)	<b>FOR ADMINISTRATIVE PENALTIES AND</b>
Surprise, AZ 85374	)	<b>CONSENT TO SAME</b>
DAVID A. COCKRELL, CRD# 2622463,	)	<b>RE: COCKRELL INVESTMENT</b>
and JANE DOE COCKRELL, husband and	)	<b>RESOURCE ASSOCIATES, LLC and</b>
wife	)	<b>DAVID A. COCKRELL</b>
Respondents.	)	

Respondents COCKRELL INVESTMENT RESOURCE ASSOCIATES, LLC (“CIRA, LLC”) and DAVID A. COCKRELL (“Cockrell”) (collectively “Respondents”) elect to permanently waive any right to a hearing and appeal under Articles 7 and 8 of the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* (“Investment Management Act”) with respect to this Order To Cease And Desist, Order for Administrative Penalties and Consent to Same (“Order”). Respondents admit the jurisdiction of the Arizona Corporation Commission (“Commission”); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

**I.**

**FINDINGS OF FACT**

1. CIRA, LLC, CRD# 143337, is an Arizona licensed investment adviser since April 11, 2007. CIRA, LLC, is also a licensed insurance producer in Arizona.

1           2.       Cockrell, CRD# 2622463, is an Arizona licensed investment adviser representative  
2 since April 11, 2007. Cockrell is also a licensed insurance producer in Arizona.

3           3.       Respondents maintain two websites that are accessible by the general public, at  
4 [www.dacockrell.com](http://www.dacockrell.com) and <http://www.mystocktimer.com>.

5           4.       From approximately July 2007 until October 24, 2007, Respondents' websites  
6 contained animated audio-visual testimonials by purported clients of CIRA, LLC or Cockrell,  
7 touting or praising the services rendered by Respondents.

8           5.       The testimonials shown on Respondents' websites feature customers who had  
9 purchased fixed annuities from Cockrell before he was licensed as an investment adviser  
10 representative. These customers are not currently and were never investment advisory customers  
11 of Respondents. CIRA, LLC was not operating or licensed as an investment adviser at the time  
12 that Cockrell sold insurance products to the featured customers.

13          6.       From approximately July 2007 until October 24, 2007, Respondents' websites  
14 contained a description of Respondents' recommendations, which were advertised as based upon  
15 an investment philosophy that included "[m]aking consistent 10% to 30% gains on every position  
16 will enhance what you are already doing."

17          7.       Respondents' websites advertised purported past specific recommendations in the  
18 form of a chart of buy and sell transactions in stocks of unidentified companies, showing  
19 substantial purported profits and minimal losses, in the form of percentages.

20          8.       According to Cockrell, during the time period before Respondents removed the  
21 testimonials and specific performance recommendations from their websites on October 24, 2007,  
22 only one prospective client contacted Respondents as a result of their website advertising, and  
23 Respondents provided no investment advisory services and received no compensation from that  
24 customer.

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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 Investment Management Act.

2. Respondent violated A.R.S. § 44-3241(4) by:

a. Using advertisements that referred to testimonials concerning the investment adviser or investment adviser representative or concerning any advice, analysis, report, or other service rendered by such investment adviser or investment adviser representative, as defined by A.A.C. Rule R14-6-208(A)(1); and

b. Using advertisements that referred to past specific recommendations of the investment adviser or investment adviser representative that were or would have been profitable to any person, as defined by A.A.C. Rule R14-6-208(A)(2).

3. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-3292.

4. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-3296.

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. § 44-3292, that Respondents, and any of  
2 Respondents' agents, employees, successors and assigns, permanently cease and desist from  
3 violating the Investment Management Act.

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

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3296, that Respondents, jointly and  
7 severally, shall pay administrative penalties in the amount of \$2,000.00. Payment shall be made to  
8 the "State of Arizona." Payment shall be made in full on the date of this Order.

9 For purposes of this Order, a bankruptcy filing by any Respondent shall be an act of  
10 default. If Respondents do not comply with this Order, any outstanding balance may be deemed in  
11 default and shall be immediately due and payable.

12 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 such Respondent, including application  
2 to 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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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim  
Executive Director of the Arizona Corporation  
Commission, have hereunto set my hand and caused the  
official seal of the Commission to be affixed at the  
Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
\_\_\_\_\_, 2007.

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DEAN S. MILLER  
Interim Executive Director

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This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,  
voice phone number 602-542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

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**CONSENT TO ENTRY OF ORDER**

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2 1. Respondents COCKRELL INVESTMENT RESOURCE ASSOCIATES, LLC, an  
3 Arizona limited liability company (“CIRA, LLC”) and DAVID A. COCKRELL (“Cockrell”), an  
4 individual (collectively “Respondents”), admit the jurisdiction of the Commission over the subject  
5 matter of this proceeding. Respondents acknowledge that they have been fully advised of their  
6 right to a hearing to present evidence and call witnesses and Respondents knowingly and  
7 voluntarily waive any and all rights to a hearing before the Commission and all other rights  
8 otherwise available under Article 7 of the Investment Management Act and Title 14 of the Arizona  
9 Administrative Code. Respondents acknowledge that this Order To Cease And Desist, Order for  
10 Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of the  
11 Commission.

12 2. Respondents knowingly and voluntarily waive any right under Article 8 of the  
13 Investment Management Act to judicial review by any court by way of suit, appeal, or  
14 extraordinary relief resulting from the entry of this Order.

15 3. Respondents acknowledge and agree that this Order is entered into freely and  
16 voluntarily and that no promise was made or coercion used to induce such entry.

17 4. Respondents understand and acknowledge that they have a right to seek counsel  
18 regarding this Order, and that they have had the opportunity to seek counsel prior to signing this  
19 Order. Respondents acknowledge and agree that, despite the foregoing, they freely and voluntarily  
20 waive any and all right to consult or obtain counsel prior to signing this Order.

21 5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
22 contained in this Order. Respondents agree that they shall not contest the validity of the Findings  
23 of Fact and Conclusions of Law contained in this Order in any present or future administrative  
24 proceeding before the Commission.

25 6. By consenting to the entry of this Order, Respondents agree not to take any action  
26 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding

1 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without  
2 factual basis. Respondents will undertake steps necessary to assure that all of their agents and  
3 employees understand and comply with this agreement.

4 7. While this Order settles this administrative matter between Respondents and the  
5 Commission arising out of the facts contained in this Order, Respondents understand that this  
6 Order does not preclude the Commission from instituting other administrative or civil proceedings  
7 based on violations that are not addressed by this Order.

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

11 9. Respondents understand that this Order does not preclude any other agency or  
12 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
13 proceedings that may be related to matters addressed by this Order.

14 10. Respondents consent to the entry of this Order and agree to be fully bound by its  
15 terms and conditions.

16 11. Respondents acknowledge and understand that if they fail to comply with the  
17 provisions of the order and this consent, the Commission may bring further legal proceedings  
18 against them, including application to the superior court for an order of contempt.

19 12. Respondents understand that default shall render them liable to the Commission for  
20 its costs of collection and interest at the maximum legal rate.

21 13. Respondents agree and understand that if they fail to make any payment as required  
22 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
23 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
24 payment by the Commission is not a waiver of default by Commission.

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1 14. Respondent Cockrell represents that he is Managing Member of Respondent CIRA,  
2 LLC and has been authorized by CIRA, LLC to enter into this Order for and on behalf of it.

3 COCKRELL INVESTMENT RESOURCE ASSOCIATES, LLC

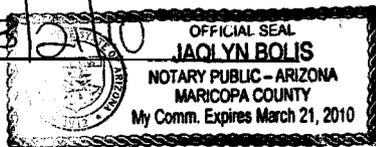
4  
5 By [Signature]  
6 Its Managing Member

7 STATE OF ARIZONA )  
8 County of Maricopa ) ss

9 SUBSCRIBED AND SWORN TO BEFORE me this 31<sup>st</sup> day of October, 2007

10 [Signature]  
11 NOTARY PUBLIC

12 My Commission Expires:



15 [Signature]  
16 DAVID A. COCKRELL

17 STATE OF ARIZONA )  
18 County of Maricopa ) ss

19 SUBSCRIBED AND SWORN TO BEFORE me this 31<sup>st</sup> day of October, 2007.

20 [Signature]  
21 NOTARY PUBLIC

22 My Commission Expires:

23 3/21/10

