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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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Phoenix, AZ 85007
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ORIGINAL

ARIZONA CORPORATION COMMISSION

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

MEMORANDUM

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

Arizona Corporation Commission
DOCKETED

FROM: Matthew J. Neubert *[Signature]*
Director of Securities

SEP 23 2008

DATE: September 11, 2008

DOCKETED BY *[Signature]*

RE: Proposed Order to Cease and Desist; Order of Restitution, Order for Administrative Penalties, Order of Other Affirmative Action and Consent to Same by: (a) CAG Capital, Inc.; and (b) Kim K. Collins
Docket No. S-20607A-08-0381

CC: Brian C. McNeil, Executive Director

On July 23, 2008, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, For Restitution, For Administrative Penalties and For Other Affirmative Relief ("Notice") against Respondents CAG Capital, Inc. ("CAG") and its president, CEO and secretary Kim K. Collins ("Collins").

Please find attached a proposed Order to Cease and Desist, Order of Restitution, Order for Administrative Penalties and Consent to Same ("Order") executed by both CAG and Collins. The Order mirrors the allegations of the Notice, and finds that from January 2002 to August 2007, Respondents sold unregistered securities in the form of notes ("Investments"). Respondents sold a total of \$989,251.91.96 of the Investments to 13 Arizona residents.

The Order requires CAG and Collins to pay \$974,406.96 in restitution and a \$50,000 administrative penalty. The Order finds that Respondents violated A.R.S. §§ 44-1841 & 44-1842 for selling unregistered securities while not being registered as a dealer or salesman, or exempt from registration. The Order also finds that Respondents violated the anti-fraud provision of the Securities Act, A.R.S. § 44-1991.

The Division recommends this Order is appropriate, in the public interest, and necessary for the protection of investors.

Originator: Mike Dailey

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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3 COMMISSIONERS

4 MIKE GLEASON, Chairman
5 WILLIAM A. MUNDELL
6 JEFF HATCH-MILLER
7 KRISTIN K. MAYES
8 GARY PIERCE

In the matter of:)	DOCKET NO. S-20607A-08-0381
CAG CAPITAL, INC., an Arizona corporation, doing business as GLENDALE CAR CONNECTION, an Arizona registered trade name;)	DECISION NO. _____
KIM K. COLLINS, a single man,)	ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY:
Respondents.)	CAG CAPITAL, INC., an Arizona corporation;
)	and
)	KIM K. COLLINS, single man

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15 Respondents CAG CAPITAL, INC. and KIM K. COLLINS elect to permanently waive any
16 right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. §
17 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of
18 Restitution, Order for Administrative Penalties ("Order") and Consent to Same. Respondents
19 CAG CAPITAL, INC. and KIM K. COLLINS admit the jurisdiction of the Arizona Corporation
20 Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of
21 Law contained in this Order; and consent to the entry of this Order by the Commission.

22 **I.**

23 **FINDINGS OF FACT**

24 1. CAG CAPITAL, INC. is an Arizona corporation with a business address in
25 Glendale, Arizona (hereafter, "CAG"). At all times relevant, CAG did business as the GLENDALE
26

1 CAR CONNECTION, an Arizona registered trade name. At all times relevant, CAG was engaged
2 in "general investing."

3 2. KIM K. COLLINS ("COLLINS") is a single man who at all times relevant resided
4 in Scottsdale, Arizona. COLLINS is the owner, president, chief executive officer and secretary of
5 CAG.

6 3. CAG and COLLINS are collectively referred to hereafter as "RESPONDENTS."

7 4. From January 2002 to August 2007, RESPONDENTS sold unregistered securities
8 within and from Arizona in the form of notes (the "Investments"). RESPONDENTS sold a total of
9 \$989,251.91 of the Investments to 13 Arizona residents.

10 5. RESPONDENTS represented to investors that they would use Investment funds to
11 finance car dealers who purchased used cars at auction.

12 6. RESPONDENTS represented to investors that the Investments would provide a
13 profit of 1.5% per month, or 18% per year, and the eventual return of their principal Investment
14 money on the expiration of the Investments' standard 12 month term.

15 7. RESPONDENTS documented the Investments with a standard-form, two-page
16 "Promissory Note and Security Agreement" (the "Notes").

17 8. RESPONDENTS' investors consummated their Investments by signing their Notes,
18 and by making their principal Investment payments to RESPONDENTS. Once an investor
19 provided RESPONDENTS with their funds and signed Note, they had no contractual duties.

20 9. RESPONDENTS represented to their investors that the Investments were safe and
21 secured by CAG's purported assets, and that RESPONDENTS' business was financially stable.
22 The Notes further state that the Investments were secured by the purported assets of CAG.

23 10. RESPONDENTS failed to provide investors with any disclosures about CAG's
24 business operations prior to their Investments, including the status of RESPONDENTS' auto loan
25 portfolio, the assets that purportedly secured the Investments or CAG'S liabilities.
26 RESPONDENTS failed to disclose to investors any risks associated with the Investments.

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.

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

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall
7 jointly and severally pay restitution to the Commission in the amount of \$974,406.96. Any
8 amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order
9 until paid in full. Payment shall be made to the "State of Arizona" to be placed in an interest-
10 bearing account controlled by the Commission. The Commission shall disburse the funds on a
11 pro-rata basis to investors shown on the records of the Commission. Any restitution funds that the
12 Commission cannot disburse because an investor refuses to accept such payment shall be disbursed
13 on a pro-rata basis to the remaining investors shown on the records of the Commission. Any funds
14 that the Commission determines it is unable to or cannot feasibly disburse shall be transferred to
15 the general fund of the state of Arizona.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS shall
17 jointly and severally pay an administrative penalty in the amount of \$50,000. Payment shall be
18 made to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10%
19 per annum from the date of this Order until paid in full. The payment obligations for these
20 administrative penalties shall be subordinate to any restitution obligations ordered herein and shall
21 become immediately due and payable only after restitution payments have been paid in full or
22 upon RESPONDENTS' default with respect to RESPONDENTS' restitution obligations.

23 For purposes of this Order, a bankruptcy filing by any of the RESPONDENTS shall be an
24 act of default. If any RESPONDENT does not comply with this Order, any outstanding balance
25 may be deemed in default and shall be immediately due and payable.

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1 IT IS FURTHER ORDERED, that if any RESPONDENT fails to comply with this order,
2 the Commission may bring further legal proceedings against that RESPONDENT, including
3 application to the superior court for an order of contempt.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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8 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER

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12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
13 Executive Director of the Arizona Corporation
14 Commission, have hereunto set my hand and caused the
15 official seal of the Commission to be affixed at the
16 Capitol, in the City of Phoenix, this _____ day of
17 _____, 2008.

18 _____
19 BRIAN C. McNEIL
20 EXECUTIVE DIRECTOR

21 _____
22 DISSENT

23 _____
24 DISSENT

25 This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,
26 voice phone number 602-542-3931, e-mail lhogan@azcc.gov.

(MD)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents KIM K. COLLINS, an individual, and CAG CAPITAL, INC., an
3 Arizona corporation (collectively, "RESPONDENTS") admit the jurisdiction of the Commission
4 over the subject matter of this proceeding. RESPONDENTS acknowledge that RESPONDENTS
5 have been fully advised of their right to a hearing to present evidence and call witnesses and
6 RESPONDENTS knowingly and voluntarily waives any and all rights to a hearing before the
7 Commission and all other rights otherwise available under Article 11 of the Securities Act and
8 Title 14 of the Arizona Administrative Code. RESPONDENTS acknowledge that this Order to
9 Cease and Desist, Order of Restitution and Order for Administrative Penalties ("Order")
10 constitutes a valid final order of the Commission.

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

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

16 4. RESPONDENTS acknowledge that RESPONDENTS have been represented by an
17 attorney in this matter, RESPONDENTS have reviewed this Order with RESPONDENTS'
18 attorney, Carlos Arboleda, Esq. of the law firm Arboleda Brechner, and understand all terms it
19 contains.

20 5. RESPONDENTS neither admit nor deny the Findings of Fact and Conclusions of
21 Law contained in this Order. RESPONDENTS agree that RESPONDENTS shall not contest the
22 validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or
23 future administrative proceeding before the Commission or any other state agency concerning the
24 denial or issuance of any license or registration required by the state to engage in the practice of
25 any business or profession.

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1 6. By consenting to the entry of this Order, RESPONDENTS agree not to take any
2 action or to make, or permit to be made, any public statement denying, directly or indirectly, any
3 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is
4 without factual basis. RESPONDENTS will undertake steps necessary to assure that all of
5 RESPONDENTS' agents and employees understand and comply with this agreement.

6 7. While this Order settles this administrative matter between RESPONDENTS and
7 the Commission, RESPONDENTS understand that this Order does not preclude the Commission
8 from instituting other administrative or civil proceedings based on violations that are not addressed
9 by this Order.

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

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

16 10. RESPONDENTS agree that Respondent will not apply to the state of Arizona for
17 registration as a securities dealer or salesman or for licensure as an investment adviser or
18 investment adviser representative until such time as all restitution and penalties under this Order
19 are paid in full.

20 11. RESPONDENTS agree that RESPONDENTS will not exercise any control over
21 any entity that offers or sells securities or provides investment advisory services within or from
22 Arizona until such time as all restitution and penalties under this Order are paid in full.

23 12. RESPONDENTS agree that RESPONDENTS will not sell any securities in or from
24 Arizona without being properly registered in Arizona as a dealer or salesman, or exempt from such
25 registration; RESPONDENTS will not sell any securities in or from Arizona unless the securities
26 are registered in Arizona or exempt from registration; and RESPONDENTS will not transact

1 business in Arizona as an investment adviser or an investment adviser representative unless
2 properly licensed in Arizona or exempt from licensure.

3 13. RESPONDENTS agree that RESPONDENTS will continue to cooperate with the
4 Securities Division including, but not limited to, providing complete and accurate testimony at any
5 hearing in this matter and cooperating with the state of Arizona in any related investigation or any
6 other matters arising from the activities described in this Order.

7 14. RESPONDENTS consent to the entry of this Order and agree to be fully bound by
8 its terms and conditions.

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

13 16. RESPONDENTS understand that default shall render RESPONDENTS liable to the
14 Commission for its costs of collection and interest at the maximum legal rate.

15 17. RESPONDENTS agree and understand that if RESPONDENTS fail to make any
16 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 agree and understand
18 that acceptance of any partial or late payment by the Commission is not a waiver of default by
19 Commission.

20 18. RESPONDENT KIM K. COLLINS represents that he is the owner, president, chief
21 executive officer and secretary of RESPONDENT CAG CAPITAL, INC. ("CAG") and has been
22 authorized by CAG to enter into this Order for and on behalf of it.

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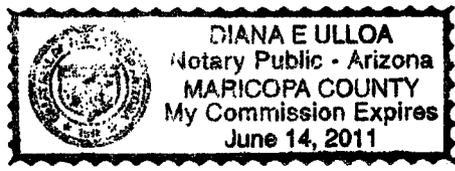
[Signature]
KIM K. COLLINS

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 31st day of July,

[Signature]
NOTARY PUBLIC

My commission expires:
June 14, 2011



CAG CAPITAL, INC., an Arizona corporation

By: [Signature]
Kim K. Collins

Its: Owner, president, chief executive officer and secretary

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 31st day of July, 2008.

[Signature]
NOTARY PUBLIC

My commission expires:
June 14, 2011

