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**COMMISSIONERS**  
KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

MICHAEL P. KEARNS  
INTERIM EXECUTIVE DIRECTOR



1300 West Washington, Third Floor  
Phoenix, AZ 85007  
TELEPHONE: (602) 542-4242  
FAX: (602) 594-7470  
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

ORIGINAL

MEMORANDUM

**TO:** Kristin K. Mayes, Chairman  
Gary Pierce  
Paul Newman  
Sandra D. Kennedy  
Bob Stump

Arizona Corporation Commission  
**DOCKETED**

MAR 30 2009

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

DOCKETED BY *[Signature]*

**DATE:** March 20, 2009

**RE:** Trademark Capital Management, LLC, Blue Investments, LLC, and Travis Richey and Melissa Boyd, Husband and Wife, Docket # S-20603A-08-0370

**CC:** Michael P. Kearns, Interim Executive Director

RECEIVED  
2009 MAR 20 P 12:55  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Please find attached a proposed Order to Cease and Desist, Order of Restitution, Order for Administrative Penalties and Consent to same ("Order") by Respondents Trademark Capital Management, LLC ("TCM"), Blue Investments, LLC ("BLUE"), and Travis Richey ("RICHEY") and Melissa Boyd (a.k.a Melissa Richey or "M. RICHEY"), Husband and Wife. M. RICHEY is being joined solely for the purposes of determining the liability of the marital community. The Order finds that Respondents violated A.R.S. §§ 44-1841, 44-1842, and 44-1991 by offering and selling unregistered securities while being unregistered and by violating the anti-fraud provisions of the Securities Act. The Order requires Respondents to cease and desist their activity, pay restitution in the amount of \$3,000,880.24, and pay an administrative penalty in the amount of \$100,000.

The Respondents admit the Findings of Fact and Conclusions of Law contained in the Order. This admission is only for the purposes of this proceeding and any other administrative proceeding before the Commission or any other state agency. From December 2007 to July 2008, Respondents offered and/or sold various investment opportunities, within or from Arizona while being unregistered as dealers or salesmen. Respondents solicited investors directly, through a website or through third parties, some of whom they offered compensation to for referring investors. In addition, the Order finds that Respondents violated the anti-fraud provisions of the Securities Act due to misrepresentations, such as, RICHEY was a licensed salesman, that he managed a fund with assets of approximately \$117,000,000, and that returns of

24% or greater were guaranteed. To date, only nominal interest payments have been paid to investors.

The Division believes that the Order is appropriate to protect the public welfare.

Originator: Phong (Paul) Huynh



## I.

## FINDINGS OF FACT

1  
2  
3 1. Travis A. Richey ("RICHEY") is an individual residing in Maricopa County,  
4 Arizona.

5 2. Trademark Capital Management, LLC ("TCM") is a limited liability company  
6 formed in Arizona on November 6, 2007 with its principal place of business in Phoenix, Arizona.  
7 RICHEY is the sole Managing Member of TCM.

8 3. Blue Investments, LLC ("BLUE") is a limited liability company formed in Arizona  
9 on November 6, 2007 with its principal place of business in Phoenix, Arizona. RICHEY is the sole  
10 Managing Member of BLUE.

11 4. TCM, BLUE, and RICHEY may be referred to collectively as "Respondents," as the  
12 context so requires.

13 5. RICHEY and Melissa Boyd, a/k/a Melissa Richey ("M. RICHEY") were married on  
14 May 23, 2008 and are still married. M. RICHEY may be referred to as "Respondent Spouse."  
15 Respondent Spouse was joined in this action under A.R.S. § 44-2031(C) solely for purposes of  
16 determining the liability of the marital community. From at least May 23, 2008 to the present,  
17 RICHEY has been acting for his own benefit and for the benefit or in furtherance of the marital  
18 community. At all times relevant, Respondent Spouse resided in Arizona.

19 6. From at least December 2007 to July 2008, Respondents offered and sold securities  
20 to at least thirteen (13) investors within or from Arizona, for a total of at least **\$3,028,850.24**. Of  
21 this amount, at least seven (7) investments totaling **\$1,752,850.24** were sold after RICHEY and  
22 Respondent Spouse were married.

23 7. Respondents will be credited with restitution paid to investors in the amount of  
24 \$27,970.00, of which \$18,050.00 was paid to investors after RICHEY and Respondent Spouse were  
25 married.

26

1 **TCM WEBSITE OFFERING**

2 8. From at least April 7, 2008, TCM, solicited the general public through the TCM  
3 website at <http://www.trademarkcapitalmanagement.com/>, including a Potential Arizona Investor  
4 (“PAI”), by providing on the TCM website under an Investment tab, among other things, as  
5 follows:

6 “[...]. WE ARE OFFERING UNSECURED NOTES WITH 24-MONTH  
7 TERMS BEARING AN ANNUAL PERCENTAGE RATE OF 24% (“APR”).  
8 INTEREST WILL BE PAID MONTHLY OR QUARTERLY AS ELECTED BY  
9 INVESTOR. THERE IS NO AGGREGATE OFFERING LIMIT UNDER THIS  
10 OFFERING. [...]” (bold emphasis added)

11 9. TCM’s website at <http://www.trademarkcapitalmanagement.com/> was still available  
12 on the internet for viewing by the general public, as of May 13, 2008, for all internet users to view  
13 the unsecured promissory notes solicitation and investment description, without password  
14 protection or restricted access.

15 10. TCM is not a registered dealer or salesman.

16 11. The unsecured promissory notes are neither registered nor exempt from registration.

17 **BLUE PROMISSORY NOTE**

18 12. BLUE, offered and sold unregistered securities, in the form of a promissory note(s),  
19 within or from Arizona. The promissory note(s) was executed by RICHEY as managing member,  
20 on behalf of BLUE.

21 13. RICHEY solicited PAIs and/or investors directly or through third parties, some of  
22 whom, who received compensation for referring investors.

23 14. RICHEY, on behalf of BLUE, executed a promissory note with at least thirteen (13)  
24 investors within or from Arizona, with promised annual rates of return ranging from 24% to 60%  
25 for a total of at least \$3,028,850.24. Interest was due monthly or quarterly as elected by the  
26 investor.

1           15.     RICHEY represented to at least one investor that their monies received would be  
2 pooled and then submitted to a bank, then the bank would use the monies as collateral to borrow  
3 from the Federal Reserve, up to ten times (10x) the investor amounts pooled and submitted to the  
4 bank.

5           16.     RICHEY represented that the money borrowed by the bank through the Federal  
6 Reserve would allow the bank to conduct its business and lending operations to obtain high returns  
7 and this allowed the bank to pay RICHEY, who in turn could pay the investor their stated returns.

8           17.     RICHEY represented that the investment was safe and that the only risk of loss is if  
9 the bank were to go bankrupt.

10          18.     RICHEY represented to another investor that the promissory note payments would  
11 be derived from BLUE's "capital leasing" operations which involved third parties. However,  
12 RICHEY failed to provide adequate disclosure regarding this "capital leasing" transaction,  
13 including but not limited to, BLUE's financials, background, experience or balance sheet and failed  
14 to provide adequate disclosure of the third party involved, including but not limited to, the third  
15 party's identity, financials, background, experience and balance sheet.

16          19.     RICHEY represented to at least one investor that their rate of return and/or  
17 investment was guaranteed. However, RICHEY could not guarantee such a return since the  
18 investment was unsecured and in fact missed certain interest payments. At least one investor has  
19 requested the return of their principal investment and has not been repaid.

20          20.     BLUE is not a registered dealer and RICHEY is not a registered salesman with the  
21 commission.

22          21.     The BLUE Promissory note(s) are not registered securities or exempt from  
23 registration.

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1 **SHELF CORPORATION PROGRAM**

2 22. From at least February 6, 2008 RICHEY, publicly offered unregistered securities in  
3 the form of investment contracts within or from Arizona, to at least one PAI.

4 23. RICHEY, presented two (2) opportunities to the PAI to invest their monies with  
5 RICHEY to obtain a return based on his investment management and efforts.

6 24. RICHEY solicited PAIs and/or investors directly or through third parties, some of  
7 whom, who received compensation for referring investors

8 25. The first investment opportunity described was a direct investment by the PAI  
9 and/or investor into what RICHEY commonly referred to as a "Hedge Fund" that he represented he  
10 managed and that had assets of approximately \$117,000,000.

11 26. The PAI and/or investor who invest into the Hedge Fund would obtain a return  
12 based on RICHEY's management and control; however, RICHEY does not manage a fund with  
13 assets of approximately \$117,000,000 or any value close to it.

14 27. RICHEY also presented a second investment opportunity, when he represented to a  
15 PAI and/or investor that he could obtain borrowed money for the PAI and/or investor to invest into  
16 the Hedge Fund by following the multi-step program, which was to (a) purchase a "Shelf  
17 Corporation" from RICHEY (b) obtain an unsecured, revolving line of credit through the Shelf  
18 Corporation with RICHEY's aid and connections and (c) invest the monies received from the line  
19 of credit in RICHEY's Hedge Fund, to secure a profit and stated return.

20 28. In describing the first phase of the multi-step program to obtain borrowed money to  
21 invest, RICHEY represented that a Shelf Corporation is a corporation that usually is only  
22 established in name, has no assets or liabilities, kept for a certain period of time to give the  
23 appearance of business history, and is available for immediate purchase.

24 29. RICHEY also represented that, among other things:  
25  
26

1           a)     He has Shelf Corporations that are aged 10 years; however all LLC filings  
2 with the Commission reveals that the oldest LLC that RICHEY owns or is a member of is one from  
3 2005;

4           b)     That purchasing a Shelf Corporation would grant the PAI access to  
5 investment capital; and

6           c)     That he has relationships with reputable, long established lenders such as  
7 Bank of America, Washington Mutual, Chase, and Wachovia;

8           30.     For the second phase of the multi-step program to obtain borrowed money to invest,  
9 RICHEY represented that he would secure the line of credit for the PAI and/or investor.

10          31.     RICHEY also represented, among other things:

11           a)     That approval of a credit line from lenders would be obtained within 45 days  
12 from the purchase date of a Shelf Corporation; and

13           b)     That he was currently acquiring unsecured and revolving lines of credit  
14 ranging from approximately \$500,000 to \$2,000,000, with no personal guarantees needed, from the  
15 above lenders.

16          32.     The TCM website also provided a general overview of shelf corporations.

17          33.     In the final step of the multi-step program to obtain borrowed money to invest,  
18 RICHEY stated that he would manage the funds secured from the line of credit by investing into a  
19 pre-existing Hedge Fund that he controlled and that had assets of approximately \$117,000,000, to  
20 secure a guaranteed return of 2% per month or 3% if payments were made quarterly. However,  
21 RICHEY does not manage a fund with assets of approximately \$117,000,000 or any value close to  
22 it.

23          34.     The Hedge Fund was described as conducting "capital leasing" activities with third  
24 parties. However, RICHEY failed to provide adequate disclosure regarding this "capital leasing"  
25 transaction, including but not limited to, the Hedge Fund's financials, background, experience or  
26

1 balance sheet and failed to provide adequate disclosure of the third party involved, including but  
2 not limited to, the third party's identity, financials, background, experience and balance sheet.

3 35. RICHEY represented to at least one PAI or investor that he holds a National  
4 Association of Securities Dealers ("NASD<sup>1</sup>") Series 6 Investment Company Products & Variable  
5 Contracts Representative, NASD Series 7 General Securities Representative, and NASD Series 63  
6 Uniform Securities Agent State Law brokerage licenses. However, RICHEY does not hold any of  
7 the above licenses.

8 36. The investment contract(s) are not registered securities with the Commission nor  
9 exempt from registration.

10 37. At all times relevant, neither RICHEY, BLUE nor TCM were registered as a dealer  
11 or a salesman with the Commission.

## 12 II.

### 13 CONCLUSIONS OF LAW

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

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

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

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

22 5. Respondents violated A.R.S. § 44-1991 by (b) making an untrue statement of  
23 material fact, or omit to state any material fact necessary in order to make the statements made, in  
24

25  
26 <sup>1</sup> The National Association of Securities Dealers ("NASD") is now known as Financial Industry Regulatory Authority ("FINRA") as of July 2007.

1 light of the circumstances under which they were made, not misleading and (c) engaging in  
2 transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

3 Respondents' conduct includes, but is not limited to, the following:

4 a) RICHEY misrepresented that he has a Hedge Fund with assets of  
5 approximately \$117,000,000 under management; however, RICHEY do not manage a fund with  
6 assets of approximately \$117,000,000 or any value close to it;

7 b) RICHEY misrepresented that the BLUE note investment and payments are  
8 safe and that the only risk of loss is if the bank were to go bankrupt;

9 c) RICHEY represented to at least one investor that their rate of return and/or  
10 investment was guaranteed. However, RICHEY could not guarantee such a return since he was not  
11 secured or collateralized and in fact missed certain interest payments. At least one investor has  
12 requested the return of their principal investment and has not been repaid;

13 d) Failed to provide adequate disclosure regarding "capital leasing"  
14 transactions, including but not limited to, the Hedge Fund's and/or BLUE's financials, background,  
15 experience or balance sheet and failed to provide adequate disclosure of the third party involved,  
16 including but not limited to, the third party's identity, financials, background, experience and  
17 balance sheet; and

18 e) RICHEY misrepresented to at least one PAI that RICHEY holds a National  
19 Association of Securities Dealers ("NASD") Series 6 Investment Company Products & Variable  
20 Contracts Representative, NASD Series 7 General Securities Representative, and NASD Series 63  
21 Uniform Securities Agent State Law brokerage licenses. However, RICHEY does not hold any of  
22 the above licenses.

23 6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S.  
24 § 44-2032.

25 7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
26 2032.



1 on a pro-rata basis to investors shown on the records of the Commission. Respondents will be  
2 given credit for additional restitution paid to investors shown on the records of the Commission.  
3 Any restitution funds that the Commission cannot disburse because an investor refuses to accept  
4 such payment shall be disbursed on a pro-rata basis to the remaining investors shown on the  
5 records of the Commission. Any funds that the Commission determines it is unable to or cannot  
6 feasibly disburse shall be transferred to the general fund of the state of Arizona.

7 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that TCM, BLUE and  
8 RICHEY shall, jointly and severally, pay an administrative penalty in the amount of \$100,000. Of  
9 this amount, the marital community of M. RICHEY shall, jointly and severally with RICHEY, pay  
10 an administrative penalty of \$50,000. The Commission shall allocate administrative penalty  
11 payments between RICHEY and M. RICHEY's marital community obligations on a pro-rata basis  
12 until paid in full. Payment shall be made to the "State of Arizona." Any amount outstanding shall  
13 accrue interest at the rate of 10% per annum from the date of this Order until paid in full. The  
14 payment obligations for these administrative penalties shall be subordinate to any restitution  
15 obligations ordered herein and shall become immediately due and payable only after restitution  
16 payments have been paid in full or upon Respondents' default with respect to Respondents'  
17 restitution obligations.

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

21 ...  
22 ...  
23 ...  
24 ...  
25 ...  
26

1 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the  
2 Commission may bring further legal proceedings against that Respondent, including an application  
3 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

6  
7  
8 CHAIRMAN

COMMISSIONER

9  
10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, MICHAEL P. KEARNS,  
13 Interim 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 \_\_\_\_\_, 20\_\_.

18 MICHAEL P. KEARNS  
19 INTERIM EXECUTIVE DIRECTOR

20 DISSENT

21  
22 DISSENT

23 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA  
24 Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

25  
26 PTH

**CONSENT TO ENTRY OF ORDER**

1  
2           1.     Trademark Capital Management, LLC (“TCM”), Blue Investments, LLC  
3 (“BLUE”), Travis A. Richey (“RICHEY”) (collectively “Respondents”) and Melissa Richey (“M.  
4 RICHEY” or “Respondent Spouse”) admit the jurisdiction of the Commission over the subject  
5 matter of this proceeding. Respondents and Respondent Spouse acknowledge that each has been  
6 fully advised of their respective right to a hearing to present evidence and call witnesses and  
7 Respondents and Respondent Spouse knowingly and voluntarily waive any and all rights to a  
8 hearing before the Commission and all other rights otherwise available under Article 11 of the  
9 Securities Act and Title 14 of the Arizona Administrative Code. Respondents and Respondent  
10 Spouse acknowledge that this Order to Cease and Desist, Order for Restitution, Order for  
11 Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of the  
12 Commission.

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

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

19           4.     Respondents and Respondent Spouse acknowledge that they have been represented  
20 by an attorney in this matter, Respondents and Respondent Spouse has reviewed this Order with  
21 their attorney, Michael Salcido, and understand all terms it contains. Respondents and Respondent  
22 Spouse acknowledge that they have been apprised of their rights by their attorney regarding any  
23 conflicts of interest arising from dual representation. Respondents and Respondent Spouse  
24 acknowledge that they have each given their informed consent to such representation.

25           5.     Respondents and Respondent Spouse admit only for purposes of this proceeding  
26 and any other administrative proceeding before the Commission or any other state agency, the

1 Findings of Fact and Conclusions of Law contained in this Order. Respondents and Respondent  
2 Spouse agree that they shall not contest the validity of the Findings of Fact and Conclusions of  
3 Law contained in this Order in any present or future administrative proceeding before the  
4 Commission or any other state agency concerning the denial or issuance of any license or  
5 registration required by the state to engage in the practice of any business or profession.

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 respective agents and employees understand and comply with  
11 this agreement.

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

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

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

23 10. Respondents agree that they will not apply to the state of Arizona for registration as  
24 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
25 representative until such time as all restitution and penalties under this Order are paid in full.

26

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

4           12. Respondents agree that they will not sell any securities in or from Arizona without  
5 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
6 Respondents will not sell any securities in or from Arizona unless the securities are registered in  
7 Arizona or exempt from registration; and Respondents will not transact business in Arizona as an  
8 investment adviser or an investment adviser representative unless properly licensed in Arizona or  
9 exempt from licensure.

10           13. Respondents and Respondent Spouse agree that they will continue to cooperate with  
11 the Securities Division including, but not limited to, providing complete and accurate testimony at  
12 any hearing in this matter and cooperating with the state of Arizona in any related investigation or  
13 any other matters arising from the activities described in this Order.

14           14. Respondents and Respondent Spouse acknowledge that any restitution or penalties  
15 imposed by this Order are obligations of Respondents and RICHEY and Respondent Spouse's  
16 marital community, as set forth therein.

17           15. Respondents and Respondent Spouse consent to the entry of this Order and agree to  
18 be fully bound by its terms and conditions.

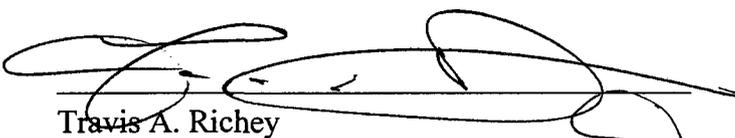
19           16. Respondents and Respondent Spouse acknowledge and understand that if they fail  
20 to comply with the provisions of the order and this consent, the Commission may bring further  
21 legal proceedings against them, including application to the superior court for an order of  
22 contempt.

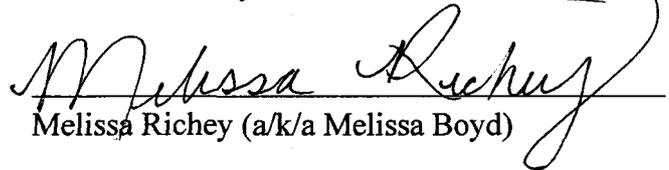
23           17. Respondents and Respondent Spouse understand that default shall render them  
24 liable to the Commission for its costs of collection and interest at the maximum legal rate.

25           18. Respondents and Respondent Spouse agree and understand that if they fail to make  
26 any payment as required in the Order, any outstanding balance shall be in default and shall be

1 immediately due and payable without notice or demand. Respondents and Respondent Spouse  
2 agree and understand that acceptance of any partial or late payment by the Commission is not a  
3 waiver of default by Commission.

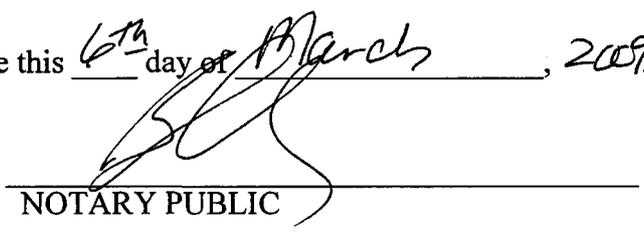
4 19. RICHEY represents that he is the managing member of TCM and BLUE and has  
5 been authorized by TCM and BLUE to enter into this Order for and on their behalf.

6  
7   
Travis A. Richey

8  
9   
Melissa Richey (a/k/a Melissa Boyd)

11 STATE OF ARIZONA )  
12 County of ) ss )

13 SUBSCRIBED AND SWORN TO BEFORE me this 6<sup>th</sup> day of March, 2009.

14  
15   
NOTARY PUBLIC

16 My commission expires:  
17 3/15/10

18  **BRYAN ANDERSON**  
Notary Public - Arizona  
Maricopa County  
Expires 03/15/10

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