

BEFORE THE ARIZONA CORPORATION COMM



Arizona Corporation Commission

DOCKETED

NOV 02 2000

CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

DOCKETED BY CLP

In the matter of
SUCCESSFUL FINANCE, INC.
2200 North Scottsdale Road, Suite R
Scottsdale, Arizona 85257

MARY KERSEY
7979-32 East Princess Drive
Scottsdale, Arizona 85255,

Respondents.

) DOCKET NO. S-03264A-00-0000

) DECISION NO. 62991

) ORDER TO CEASE AND DESIST
) AND CONSENT TO SAME

RESPONDENT SUCESSFUL FINANCE, INC. ("SFI") and RESPONDENT MARY KERSEY ("KERSEY") (collectively "RESPONDENTS"), elect to permanently waive their 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. RESPONDENTS admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

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I.

FINDINGS OF FACT

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3 1. SFI is an Arizona corporation located at 2200 North Scottsdale Road, Suite R,
4 Scottsdale, Arizona 85257.

5 2. KERSEY, aka Mary Kerseyhood, aka Mary L. Hood, aka Mary Kersey-Hood, is
6 an Arizona resident whose last known address is 7979-32 East Princess Drive, Scottsdale, Arizona
7 85255.

8 3. SFI and KERSEY are not registered as securities dealers with the Commission.
9 KERSEY was registered as a securities salesman with the Commission, beginning on
10 November 8, 1988. From May 31, 1995, through January 11, 1996, KERSEY was affiliated
11 with Finance 500, Inc. Her Arizona registration terminated on January 11, 1996, when she left
12 that firm.

13 4. In 1995, KERSEY incorporated SFI. Her son, Barton Kersey, was listed as
14 president.

15 5. Beginning in June 1995, SFI, through its agent, KERSEY, offered promissory notes
16 or investment contracts for sale to the public. SFI, through KERSEY, obtained at least \$500,000
17 from eight investors. The majority of the offered promissory notes or investment contracts were
18 held in Individual Retirement Accounts ("IRAs") at the First National Bank of Onaga ("FNB"),
19 located in Onaga, Kansas.

20 6. KERSEY initially solicited clients of her securities business. KERSEY told the
21 investors that the investment was safe, fully secured and guaranteed. She told at least one investor
22 that the investment was secured by real estate.

23 7. SFI and KERSEY did not provide any prospectus or written documents to investors
24 prior to their investment. SFI and KERSEY did provide written promissory notes to five of the
25 investors who invested through their IRAs, as FNB, the custodian of the IRAs, required promissory
26 notes and corporate authorizations prior to authorizing the investment and releasing the funds to

1 SFI. The notes were signed with the name of Barton Kersey as president of SFI, although
2 KERSEY was aware at the time she sent the notes to FNB that Barton Kersey had not signed them.

3 8. The SFI corporate authorization was signed with the names of KERSEY, Barton
4 Kersey and Todd Allen. Todd Allen was also a son of KERSEY. KERSEY herself signed all
5 three signatures. The promissory notes were typed by KERSEY. They stated that the offered
6 promissory notes or investment contracts were secured by a first position on assets owned by
7 Barton Kersey and SFI. A financial statement listing SFI's assets was attached to the notes. At the
8 time the notes were sent to FNB for acceptance, the SFI financial statement listed \$896,700 in
9 assets. That information was false, other than an automobile owned by Barton Kersey that was
10 valued at \$15,000. The remaining assets did not exist. At the time the financial sheet was created,
11 showing \$896,700 in assets, the SFI annual report filed with the Commission listed \$65 in assets.

12 9. For those investors who did not invest through their IRA accounts, SFI and
13 KERSEY did not provide promissory notes. KERSEY informed those investors that the
14 investment was safe and secured. She told them that they would receive eleven percent interest.
15 She provided no written documentation, no prospectuses or financial statements to these
16 investors.

17 10. All funds raised by SFI and KERSEY were deposited in SFI's bank account
18 where they were controlled and utilized by KERSEY.

19 11. SFI and KERSEY used the money they raised to invest in to two companies, Austin
20 Oil and Worldlink. \$84,577 was invested with Austin Oil, while the remainder went to Worldlink.
21 All investments in both companies were lost. The investment decisions were made by KERSEY.

22 12. Part of the funds raised by SFI and KERSEY were used to purchase a house in
23 Scottsdale. The house was titled in KERSEY's name, although the funds came from SFI. A
24 person whom KERSEY knew, Krys Disney, the principal of Worldlink, then inhabited the
25 house. The house was then sold by KERSEY, who used the proceeds to pay to the investors.
26

1 5. RESPONDENTS violated A.R.S. § 44-1991 by offering or selling securities
2 within or from Arizona by (a) employing a device, scheme or artifice to defraud, (b) making
3 untrue statements or misleading omissions of material facts, and (c) engaging in transactions,
4 practices, or courses of business which operate or would operate as a fraud or deceit:

- 5 a) Failing to disclose to investors that SFI was controlled by KERSEY
6 and that her son, Barton Kersey, was its president;
- 7 b) Informing investors that their investment with SFI was safe, secured,
8 collateralized and guaranteed;
- 9 c) Utilizing the investors' funds to invest in speculative and unsecured
10 investments while failing to inform investors as to that use of their funds;
- 11 d) Failing to inform investors that some of their funds were used to purchase a
12 house in KERSEY's name and that the house was inhabited by Krys
13 Disney;
- 14 e) Failing to inform investors that SFI and KERSEY had no written
15 documentation from Worldlink, the company to which SFI and KERSEY
16 gave most of the investor's money;
- 17 f) Informing at least one investor that the investment was secured by real
18 estate;
- 19 g) Providing promissory notes, financial statements and corporate resolutions
20 that contained false and misleading information to FNB, the investors'
21 agent. RESPONDENTS provided the promissory notes, financial
22 statements and corporate resolutions to FNB with the knowledge that FNB
23 would not release the investors' funds without the documentation;
- 24 h) Utilizing the funds of later investors to pay off earlier investors without
25 informing any investors of that fact;
- 26

1 be redistributed to the known investors. If all investors are paid in full, any excess funds shall
2 revert to the state of Arizona.

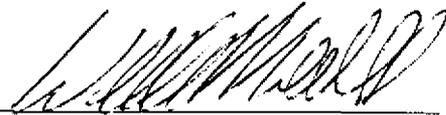
3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS shall,
4 jointly and severally, pay an administrative penalty in the amount of \$25,000, payable to the
5 State of Arizona. Any amount of penalty outstanding will accrue interest at the rate of 10% per
6 annum from the date of this Order until paid in full.

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

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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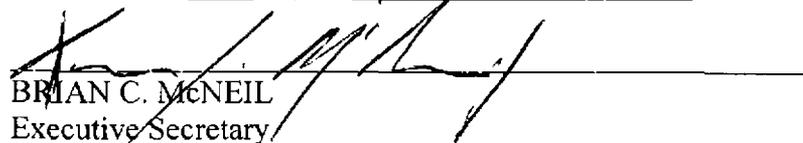
11 CHAIRMAN



COMMISSIONER

COMMISSIONER

12 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive
13 Secretary of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this 1st day of November, 2000.

17 
18 BRIAN C. McNEIL
19 Executive Secretary

20 DISSENT
21 (MD)

22 This document is available in alternative formats by contacting Cynthia Mercurio-Sandoval,
23 ADA Coordinator, voice phone number: 602/542-0838, email: csandoval@cc.state.az.us.
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CONSENT TO ENTRY OF COMMISSION ORDER AND WAIVER OF HEARING

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2 1. RESPONDENTS SFI and KERSEY admit the jurisdiction of the Commission
3 over the subject matter of this proceeding. RESPONDENTS acknowledge that they have been
4 fully advised of their right to a hearing to present evidence and call witnesses and
5 RESPONDENTS knowingly and voluntarily waive any and all rights to a hearing before the
6 Commission and all other rights otherwise available under Article 11 of the Securities Act and
7 Title 14 of the Arizona Administrative Code. RESPONDENTS acknowledge that this Order To
8 Cease And Desist And Consent To Same ("Order") constitutes a valid final order of the
9 Commission.
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11 2. RESPONDENTS knowingly and voluntarily waive any right they may have
12 under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
13 extraordinary relief resulting from the entry of this Order.
14

15 3. RESPONDENTS acknowledge and agree that this Order is entered into freely
16 and voluntarily and that no promise was made or coercion used to induce them to enter into it.

17 4. RESPONDENTS acknowledge that they have reviewed this Order and
18 understand all terms it contains.

19 5. RESPONDENTS admit the Findings of Fact and Conclusions of Law contained
20 in this Order.

21 6. RESPONDENTS consent to the entry of this Order and agree to be fully bound
22 by its terms and conditions.
23

24 7. By consenting to the entry of this Order, RESPONDENTS agree not to take any
25 action or to make, or permit to be made, any public statement denying, directly or indirectly, any
26 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is

1 without factual basis. RESPONDENTS will undertake steps necessary to assure that all of their
2 agents and employees understand and comply with this agreement. If RESPONDENTS breach
3 this agreement, the Commission may vacate this Order and restore this case to its active docket.

4 8. While this Order settles this administrative matter between RESPONDENTS and
5 the Commission, RESPONDENTS understand that this Order does not preclude the
6 Commission from instituting other administrative proceedings based on facts not presently
7 known by the Commission or matters that are not addressed by this Order.

8 9. RESPONDENTS understand that this Order does not preclude the Commission
9 from initiating pursuit of civil or criminal proceedings that may be related to the matters
10 addressed by this Order.

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

14 11. RESPONDENTS agree that they will not act in any position of control of any
15 entity created or recognized under Arizona law that offers or sells securities within or from
16 Arizona.

17 12. RESPONDENTS acknowledge that interest at the rate of 10% per annum will
18 continue to accrue on the unpaid restitution and penalties until the amounts are paid in full.

19 13. RESPONDENTS agree that until restitution and penalties are paid in full,
20 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change
21 in their home or business address or of any change in their financial condition affecting their
22 ability to pay restitution or penalties under this Order.
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1 14. RESPONDENTS acknowledge that any payment they tender to the Commission
2 or forbearance by the Commission of any right or remedy shall not preclude the Commission
3 from exercise of any right or remedies it has under this Order.

4 15. RESPONDENTS understand that default will render them liable to the
5 Commission for its costs of collection and interest at the maximum legal rate.
6

7 16. RESPONDENTS agree that they will continue to cooperate with the Securities
8 Division including, but not limited to, providing complete and accurate testimony at any
9 hearing in this matter and cooperating with the Division in any related investigation or any
10 other matters arising from the activities described in this Order.

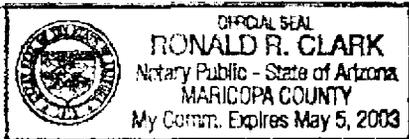
11 17. KERSEY represents that she is authorized by law to enter into this Order for
12 and on behalf of SFI.

13
14 Mary Kersey
15 MARY KERSEY

16 SUBSCRIBED AND SWORN TO BEFORE me this 20 day of Sept.
17 2000.

18 [Signature]
19 NOTARY PUBLIC

20 My Commission Expires:



SUCCESSFUL FINANCE, INC.

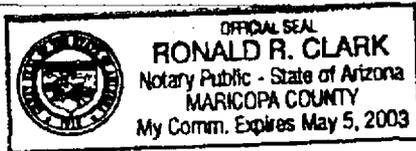
Mary Kersey

SUBSCRIBED AND SWORN TO BEFORE me this 28 day of Sept

2000.

Ronald R. Clark
NOTARY PUBLIC

My Commission Expires:



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