

ORIGINAL

NEW APPLICATION



0000103126

BEFORE THE ARIZONA CORPORATION COMMISSION

2009 OCT 20 P 2:59

Arizona Corporation Commission

COMMISSIONERS

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED

OCT 20 2009

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

DOCKETED BY [Signature]

In the matter of:
MICHAEL T. BELL, a single man
SHAWN R. SALAZAR, a married man
ADAMAS INVESTMENTS, LLC, a Nevada
limited liability company
Respondents.

DOCKET NO. S-20707A-09-0498
NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, FOR ADMINISTRATIVE
PENALTIES AND FOR OTHER
AFFIRMATIVE ACTION

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents MICHAEL T. BELL, a single man, SHAWN R. SALAZAR, a married man, and ADAMAS INVESTMENTS, LLC, a Nevada limited liability company, have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

**I.
JURISDICTION**

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

1 **II.**

2 **RESPONDENTS**

3 2. MICHAEL T. BELL ("BELL") may be referred to as "RESPONDENT BELL."
4 BELL is a single man residing in Scottsdale, Arizona.

5 3. SHAWN R. SALAZAR ("SALAZAR") may be referred to as "RESPONDENT
6 SALAZAR." SALAZAR is a married man residing in Oakland, California.

7 4. BELL and SALAZAR may be referred to, individually or collectively, as
8 "RESPONDENTS."

9 5. ADAMAS INVESTMENTS, LLC ("ADAMAS INVESTMENTS") is a Nevada
10 limited liability company which was formed on June 22, 2005, and whose principal place of
11 business is Scottsdale, Arizona. Pursuant to a search of Nevada Secretary of State records,
12 ADAMAS INVESTMENTS is currently in default for failing to file an annual list of officers.

13 6. BELL and SALAZAR are the sole Managers of ADAMAS INVESTMENTS.

14 **III.**

15 **FACTS**

16 7. BELL and SALAZAR formed ADAMAS INVESTMENTS for the primary purpose
17 of financing a loan to AXIOM TRADING LTD, LLC ("AXIOM TRADING").

18 8. The promissory note between ADAMAS INVESTMENTS and AXIOM TRADING
19 stated that AXIOM TRADING was a Texas limited liability company. However, AXIOM
20 TRADING is not a registered trade name with the Texas Secretary of State. Upon information and
21 belief, AXIOM TRADING is not organized as an entity in any jurisdiction.

22 9. At all relevant times, Edward "Carlos" St. Mary II ("ST. MARY") conducted
23 business under the name AXIOM TRADING.

24 10. Between July 2005 and February 2007, BELL and SALAZAR raised at least \$1.2
25 million on behalf of ADAMAS INVESTMENTS from about 20 investors who resided in
26 Arizona, California, Nevada and New Mexico.

1 11. The majority of investors in ADAMAS INVESTMENTS were BELL and
2 SALAZAR'S friends and family.

3 12. BELL and SALAZAR raised funds on behalf of ADAMAS INVESTMENTS by
4 offering and selling securities, in the form of promissory notes, to investors.

5 13. BELL and SALAZAR represented to investors that the funds raised would be used
6 by ADAMAS INVESTMENTS to finance a loan to AXIOM TRADING for the purchase of precious
7 gemstones, including diamonds.

8 14. BELL and SALAZAR told offerees and investors that the gemstones would later be
9 resold to AXIOM TRADING'S retail and wholesale customers.

10 15. ADAMAS INVESTMENTS filed a Form D with the Securities and Exchange
11 Commission for the investment. A copy of the Form D was filed with the California Department of
12 Corporations, the Nevada Secretary of State and the Division.

13 16. BELL told offerees and investors that the minimum investment in ADAMAS
14 INVESTMENTS was \$25,000.

15 17. ADAMAS INVESTMENTS entered into promissory notes with each investor for
16 the amount invested. The promissory note was signed by BELL as a Manager of ADAMAS
17 INVESTMENTS.

18 18. Each promissory note promised a return of 10% or 18%. The percentage of the
19 return varied depending upon the duration of the investment. A 10% return was promised for a 3
20 month investment in ADAMAS INVESTMENTS while 18% was promised for a 6 month
21 investment.

22 19. In most instances, investors tendered their investments to BELL.

23 20. BELL and SALAZAR pooled the funds they raised from investors.

24 21. In one instance, BELL and ADAMAS INVESTMENTS guaranteed an investor a
25 return of 10% for his investment.

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1 VI.

2 **HEARING OPPORTUNITY**

3 Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-
4 306. **If a Respondent requests a hearing, the requesting respondent must also answer this**
5 **Notice.** A request for hearing must be in writing and received by the Commission within 10
6 business days after service of this Notice of Opportunity for Hearing. The requesting respondent
7 must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W.
8 Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by
9 calling (602) 542-3477 or on the Commission's Internet web site at
10 <http://www.azcc.gov/divisions/hearings/docket.asp>.

11 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin
12 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the
13 parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission
14 may, without a hearing, enter an order granting the relief requested by the Division in this Notice of
15 Opportunity for Hearing.

16 Persons with a disability may request a reasonable accommodation such as a sign language
17 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
18 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
19 Requests should be made as early as possible to allow time to arrange the accommodation.

20 VII.

21 **ANSWER REQUIREMENT**

22 Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting
23 respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket
24 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within
25 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from
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1 Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
2 <http://www.azcc.gov/divisions/hearings/docket.asp>.

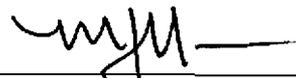
3 Additionally, the answering respondent must serve the Answer upon the Division.
4 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
5 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
6 Arizona, 85007, addressed to Rachel F. Strachan, Attorney.

7 The Answer shall contain an admission or denial of each allegation in this Notice and the
8 original signature of the answering respondent or respondent's attorney. A statement of a lack of
9 sufficient knowledge or information shall be considered a denial of an allegation. An allegation
10 not denied shall be considered admitted.

11 When the answering respondent intends in good faith to deny only a part or a qualification
12 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
13 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

14 The officer presiding over the hearing may grant relief from the requirement to file an
15 Answer for good cause shown.

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17 Dated this 20 day of October, 2009.

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20 _____
21 Matthew J. Neubert
22 Director of Securities

21 (rfs)

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