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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

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

In the matter of)
JAMES TROY BREDESON)
1951 w. Camelback Rd., Ste. 270)
Phoenix, AZ 85015)
RONALD JOHN HOOVER)
4215 N. Civic Center Blvd., #145)
Scottsdale, AZ 85251)
LOWELL ROBERT TAYLOR)
a/k/a JIM TAYLOR)
630 N. Pheasant Dr.)
Gilbert, AZ 85236)
PATRICK ROBIN HOGUE)
2765 N. Scottsdale Rd. , #104-A)
Scottsdale, AZ 85257,)
Respondents.)

DOCKET NO. S-03269A-99-0000

DECISION NO. 62040

**ORDER TO CEASE AND DESIST AND
ORDER FOR ADMINISTRATIVE
PENALTIES RE: PATRICK ROBIN
HOGUE**

I.

INTRODUCTION

On May 18, 1999, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order for Relief ("Notice") against the above Respondents. The Notice specified that Respondents would be afforded an opportunity for an administrative hearing on this matter upon filing a written request with Docket Control of the Commission within ten (10) days of receipt of the Notice. PATRICK ROBIN HOGUE was served a copy of the Notice on May 18, 1999 by personal service upon his wife at his home address as stated above. HOGUE failed to request a hearing.

II.

FINDINGS OF FACT

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4 1. PATRICK ROBIN HOGUE ("HOGUE"), CRD #2308082, whose last known address is
5 2765 N. Scottsdale Rd., #104-A, Scottsdale, AZ 85257, was at all relevant times a salesman for an entity
6 known as PlusMore Trust ("PMT"). HOGUE was not registered under the Securities Act of Arizona as
7 a dealer or salesman. However, HOGUE was licensed to sell securities in California and affiliated with
8 WMA Securities of Duluth, GA. WMA Securities terminated HOGUE on October 2, 1998 for failing
9 to cooperate with the Arizona Securities Division's investigation into PMT.

10 2. Beginning around November, 1997 through at least April, 1998, HOGUE offered and
11 sold investment opportunities in the form of "Private Loan Contracts" between the investor as "lender"
12 and PMT as "borrower" (the "PMT program".) Investors who provided PMT with funds were promised
13 from 3 to 10% return per month on their investment for a period of 12 months. Investors were told that
14 they could roll over their monthly returns, or a portion of them, to accumulate an even greater total on
15 which to calculate the monthly interest. Investors were also provided with a repayment schedule that
16 allowed for monthly withdrawals during the course of the PMT program.

17 3. Investors were told that their money would be used by PMT to invest in "medium term
18 notes" issued by a top European bank. The notes would then be traded on secondary markets at
19 substantial spreads, producing returns which would allow PMT to pay high interest to investors.

20 4. Investors were told that the trading of medium term notes was "very much an insider
21 game, thoroughly known and understood by a privileged few." Those connected with the European
22 financial institutions were under "non-disclosure covenants for years." Thus, investors were told that
23 there was not any publicity about the PMT program and how transactions were conducted. Only those
24 "invited" could participate in PMT's program.

25 5. Investors received a "Private Loan Contract", a one page sample "loan repayment
26 schedule" and information about "High Yield Private Placements," before they invested. Investors were

1 not required to contribute to the management of their money in the PMT program. Investors were given
2 no information about who would manage their money, or where it would be deposited. Investors were
3 not provided with any track record for the PMT program, nor were they given any financial statements
4 or other background information about PMT or its principals.

5 6. At least thirty-three investors invested at least \$1,091,500 in the PMT program.

6 7. Some investors received monthly interest payments on their investment for a period of 3
7 to 7 months. Several of those investors decided to invest again after receiving payments. After
8 receiving monthly payments, some investors provided information about the PMT program to friends
9 and family members who also invested. The majority of investors decided to "roll over" their monthly
10 interest payments into their original investment. Those investors received no payments back from PMT.

11 8. As the due dates for investors' 12-month contracts matured, investors who made inquiry
12 were told that there were delays in returning investor funds. Some investors were told that the funds
13 were being retrieved from overseas, or that the funds had reached the United States, but were being held
14 in New York, or that Respondent BREDESON was on his way across the country, paying investors as
15 he passed through their cities on his way to Phoenix. By August 1998, PMT had closed its business and
16 Respondents did not return telephone calls.

17 9. By Order dated November 23, 1998, the Arizona Corporation Commission entered into
18 a Consent with WMA Securities, whereby PMT investors, who dealt with Respondents, were repaid
19 their principal plus interest as a result of, among other things, WMA Securities' failure to supervise
20 Respondents.

21 III.

22 CONCLUSIONS OF LAW

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24 1. The Commission has jurisdiction over these matters pursuant to Article XV of the
25 Arizona Constitution and A.R.S. § 44-1801, *et seq.*

1 2. From on or about November 1997, PATRICK ROBIN HOGUE offered and/or sold
2 securities in the form of notes, investment contracts or evidences of indebtedness , within and/or from
3 Arizona.

4 3. The securities referred to above were not registered under A.R.S. §§ 44-1871 through
5 44-1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been made under
6 A.R.S. § 44-3321; were not exempt under A.R.S. §§ 44-1843 or 44-1843.01; were not offered or sold in
7 exempt transactions under A.R.S. § 44-1844; and were not exempt under any rule or order promulgated
8 by the Commission. This conduct violated A.R.S. § 44-1841.

9 4. In connection with the offers to sell and the sale of securities, PATRICK ROBIN
10 HOGUE acted as a dealer and/or salesman within and/or from Arizona, although not registered pursuant
11 to the provisions of Article 9 of the Securities Act. This conduct violated A.R.S. § 44-1842.

12 5. In connection with the offers and sales of securities within and/or from Arizona,
13 PATRICK ROBIN HOGUE directly or indirectly: (i) employed a device, scheme or artifice to defraud;
14 (ii) made untrue statements of material fact or omitted to state material facts which were necessary in
15 order to make the statements made not misleading in light of the circumstances under which they were
16 made; and (iii) engaged in transactions, practices or courses of business which operated or would
17 operate as a fraud or deceit upon offerees and investors. HOGUE'S conduct includes, but is not limited
18 to, the following:

19 a) HOGUE failed to provide investors with any information about the background and
20 experience of Plus More Trust or its principals;

21 b) HOGUE failed to provide investors with the names, background and experience of
22 the individuals or institutions who would purportedly be trading medium term notes with
23 investor money;

24 c) HOGUE failed to provide investors with any accounting for the use of their funds, or
25 with any source of repayment;

26 d) HOGUE failed to disclose any risks in investing in the PMT program;

- e) HOGUE failed to disclose fees or commissions connected with the sale of the PMT program;
- f) HOGUE failed to tell investors that the PMT program had not been approved for sale by their dealer, WMA Securities, and that he was in effect "selling away" from the firm by promoting the PMT program;
- g) HOGUE misrepresented the PMT program as being a high yield, exclusive trading program between European financial institutions, when in fact, such programs do not exist in the legitimate financial markets.

6. This conduct violated A.R.S. § 44-1991.

IV.

ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission finds that the following Order is appropriate, in the public interest and necessary for the protection of investors.

1. IT IS HEREBY ORDERED, pursuant to A.R.S. § 44-2032, that Respondent PATRICK ROBIN HOGUE permanently cease and desist from violating the Securities Act.

2. IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that PATRICK ROBIN HOGUE shall pay an administrative penalty of six thousand, five hundred and twenty-two dollars (\$6,522), based upon return of commissions of \$1522 plus an additional \$5,000 in penalties. Payment to be due within 30 days of the issue of this Order. Payment shall be made by cashier's check to the "State

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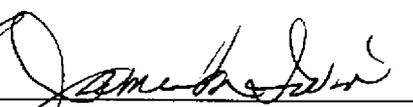
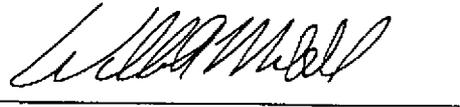
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1 of Arizona" for deposit in the General Fund of the state.

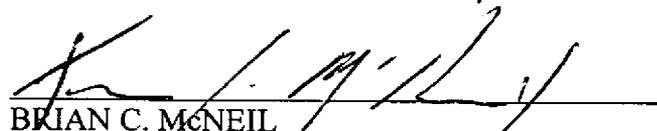
2 3. IT IS FURTHER ORDERED that upon failure to make payment when due, interest shall
3 accrue upon default at the statutory rate of ten percent per annum.

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

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6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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9 CHAIRMAN COMMISSIONER COMMISSIONER

10 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive
11 Secretary of the Arizona Corporation Commission, have
12 hereunto set my hand and caused the official seal of the
13 Commission to be affixed at the Capitol, in the City of
14 Phoenix, this 2nd day of November, 1999.

15 
16 BRIAN C. McNEIL
17 Executive Secretary

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DISSENT
(SAF)

This document is available in alternative formats by contacting Cynthia Mercurio-Sandoval, ADA
Coordinator, voice phone number 602/542-0838, E-mail csandoval@cc.state.az.us.