

OPEN MEETING TEXT

4/13/10

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



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ARIZONA CORPORATION COMMISSION

ORIGINAL

MEMORANDUM

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

Arizona Corporation Commission
DOCKETED

APR - 5 2010

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

DOCKETED BY *[Signature]*

DATE: April 5, 2010

RE: Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Richard Miles Dorman, Rebecca Dorman and Elysium Capital Group, L.L.C. (S-20702A-09-0460)

CC: Ernest G. Johnson, Executive Director

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Attached is a proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Richard Miles Dorman, Rebecca Dorman and Elysium Capital Group, L.L.C. ("collectively referred to as "Respondents"). The Order requires Respondents to cease and desist their activity, repay investors \$66,430 and pay an administrative penalty in the amount of \$25,000.

Respondents Richard Miles Dorman ("Dorman") and Elysium Capital Group, L.L.C. offered and sold securities from Arizona in the form of investment contracts to an investment group consisting of eight investors in an amount totaling \$356,056. Dorman received compensation from his sale of securities in the form of sales commissions in an amount totaling \$66,430. The investment opportunity offered involved leased bank guarantees.

The Order finds that Respondents violated A.R.S. §§44-1841, 44-1842 and 44-1991 by selling unregistered securities while being unlicensed and making untrue statements or misleading omissions of material facts. The Division believes that this Consent Order is appropriate to protect the public welfare.

Originator: William W. Black

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 KRISTIN K. MAYES, Chairman
4 GARY PIERCE
5 PAUL NEWMAN
6 SANDRA D. KENNEDY
7 BOB STUMP

7 In the matter of)	DOCKET NO. S-20702A-09-0460
8 RICHARD MILES DORMAN and)	
9 REBECCA DORMAN, husband and wife,)	DECISION NO. _____
10 MICHAEL VINCENT RING and KELLY)	ORDER TO CEASE AND DESIST, ORDER
11 RING, husband and wife,)	FOR RESTITUTION, ORDER FOR
12 ELYSIUM CAPITAL GROUP, L.L.C., a)	ADMINISTRATIVE PENALTIES AND
13 Nevada limited liability company,)	CONSENT TO SAME
14 Respondents.)	BY: RESPONDENTS RICHARD MILES
)	DORMAN, REBECCA DORMAN AND
)	ELYSIUM CAPITAL GROUP, L.L.C.

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

22 **I. FINDINGS OF FACT**

23 1. At all times material hereto, Respondents RICHARD MILES DORMAN
24 ("DORMAN") and ELYSIUM CAPITAL GROUP, L.L.C. conducted business, including the
25 offer and sale of securities, from a home and/or office located in Maricopa County, Arizona.
26

1 2. At all time material hereto, DORMAN was married to REBECCA DORMAN. All
2 action taken by DORMAN was *in furtherance of and for the benefit* of the marital community of
3 DORMAN and REBECCA DORMAN. REBECCA DORMAN therefore is joined in this action,
4 pursuant to A.R.S. §44-2031(C), to determine the liability of the marital community for the
5 violations alleged herein.

6 3. REBECCA DORMAN may be referred to as "Respondent Spouse."

7 4. ELYSIUM CAPITAL GROUP, L.L.C. ("ELYSIUM"), a Nevada limited liability
8 company, was formed on or about August 28, 2008. The articles of organization for ELYSIUM
9 identify DORMAN and MICHAEL VINCENT RING ("RING") as managers.

10 5. After the formation of ELYSIUM on August 28, 2008, DORMAN, through
11 ELYSIUM, continued to offer and sell securities from Arizona in the form of investment contracts.

12 6. DORMAN offered and sold securities from Arizona in the form of investment
13 contracts to an investment group consisting of eight investors in an amount totaling \$356,056.

14 7. DORMAN received compensation in the form of sales commissions from his sale of
15 securities in an amount totaling \$66,430.

16 8. At all times material hereto, Respondents DORMAN and ELYSIUM have not been
17 registered as dealers or securities salesman.

18 9. Prior to forming ELYSIUM, DORMAN worked as a manager in the mortgage loan
19 industry and employed RING as a loan officer.

20 10. Prior to forming ELYSIUM, DORMAN solicited potential investors through
21 advertisements placed on an internet website known as Craig's List.

22 11. On or about July 22, 2008, a prospective investor, on behalf of a group of investors,
23 responded to the Craig's List ad seeking information on the investment opportunity offered through
24 the ad.

1 12. On July 30, 2008, four representatives from the group of investors who had
2 responded to the Craig's List ad traveled to Arizona to meet with DORMAN and RING to discuss
3 an investment opportunity involving leased bank guarantees.

4 13. On August 20, 2008, DORMAN and RING flew to Southern California to meet
5 with a group of approximately twenty potential investors, some of whom were affiliated with the
6 group who had responded to the Craig's List ad. The purpose of the meeting was to allow
7 DORMAN and RING to present the investment opportunity involving leased bank guarantees to
8 the group of prospective investors.

9 14. Leased bank guarantees are bank guarantees that are leased to a third party for a fee.
10 The issuing bank conducts due diligence on the creditworthiness of the customer looking to secure
11 a bank guarantee, then leases the guarantee to that customer for a certain amount of money over a
12 specified timeframe. The issuing bank then sends the guarantee to the borrower's main bank, and
13 the issuing bank then becomes a backer for the debts incurred by the borrower, up to the
14 guaranteed amount. There are a number of worldwide banks that lease bank guarantees, usually
15 involving a minimum amount of \$5 million and, in some instances, exceeding \$10 billion.

16 15. On September 2, 2008, based upon the instructions received from DORMAN and
17 RING, investors wired \$356,056 into an escrow account set up with an escrow company based in
18 Arizona.

19 16. DORMAN and RING informed investors that once the funds were received in the
20 escrow account, they would be wired to a bank in Spain that would then use the funds to purchase a
21 leased bank guarantee from a nationally chartered bank known worldwide and based in the United
22 Kingdom.

23 17. DORMAN and RING informed investors that the amount invested (\$356,056)
24 would purchase a \$200,000,000 bank guarantee that would result in a total payout to investors of
25 \$109,970,500 within one year from the date of the investment.

26

1 18. Pursuant to the fee agreement ("agreement") investors executed with ELYSIUM,
2 the fee to be paid to DORMAN and RING was six percent (6%) of the instrument amount
3 (\$200,000,000).

4 19. In exchange for the fee to be received, RING and DORMAN agreed to complete the
5 compliance package and other necessary documentation required to initiate the leased bank
6 guarantee investment.

7 20. Pursuant to the escrow instructions established by DORMAN and RING in
8 connection with the escrow account that was opened to receive investor funds, DORMAN and
9 RING were the only individuals authorized to disburse funds from the escrow account.

10 21. From investor funds wired into the escrow account and without the authorization of
11 investors, DORMAN initiated escrow instructions to transfer \$66,430 DORMAN and \$64,100 to
12 RING.

13 22. The funds transferred to DORMAN and RING were for their own personal use and
14 benefit.

15 23. DORMAN and RING failed to inform investors that some of their investment funds
16 had not been invested as promised and instead had been used for the personal use and benefit of
17 DORMAN and RING.

18 24. DORMAN continued to misrepresent to investors as late as December 2008 that all
19 of the investors' funds had been wired out of the escrow account to a bank responsible for issuing
20 the leased bank guarantee for the benefit of investors.

21 25. DORMAN misrepresented to several investors that he and RING had invested their
22 own funds in the leased bank guarantee program.

23 **II. CONCLUSIONS OF LAW**

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

26

1 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents DORMAN and
2 ELYSIUM, and any of his agents, employees, successors and assigns, permanently cease and
3 desist from violating the Securities Act.

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

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents DORMAN,
7 ELYSIUM and the marital community of DORMAN and REBECCA DORMAN, jointly and
8 severally shall pay restitution to the Commission in the principal amount of \$66,430. Any
9 principal amount outstanding shall accrue interest at the rate of 10 percent per annum from the date
10 of this Order until paid in full. Payment shall be made in full on the date of this Order. Payment
11 shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by
12 the Commission.

13 The Commission shall disburse the funds on a pro-rata basis to investors shown on the
14 records of the Commission. Any restitution funds that the Commission cannot disburse because an
15 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an
16 investor because the investor is deceased and the Commission cannot reasonably identify and
17 locate the deceased investor's spouse or natural children surviving at the time of the distribution,
18 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the
19 Commission. Any funds that the Commission determines it is unable to or cannot feasibly
20 disburse shall be transferred to the general fund of the state of Arizona.

21 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents DORMAN,
22 ELYSIUM and the marital community of Respondents DORMAN and REBECCA DORMAN,
23 jointly and severally shall pay an administrative penalty in the amount of \$25,000. Payment shall
24 be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by
25 law. The payment obligations for these administrative penalties shall be subordinate to any
26 restitution obligations ordered herein and shall become immediately due and payable only after

1 restitution payments have been paid in full or upon Respondents' default with respect to
2 Respondents' restitution obligations.

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

6 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the
7 Commission may bring further legal proceedings against that Respondent, including application to
8 the superior court for an order of contempt.

9 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this
10 Order shall be deemed binding against any Respondent under this Docket Number who has not
11 consented to the entry of this Order.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation
Commission, have hereunto set my hand and caused the
official seal of the Commission to be affixed at the
Capitol, in the City of Phoenix, this _____ day of
_____, 2010.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA
Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

(wwb)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents RICHARD MILES DORMAN (“DORMAN”), REBECCA
3 DORMAN and ELYSIUM CAPITAL GROUP, L.L.C. (“Respondents”) admit the jurisdiction of
4 the Commission over the subject matter of this proceeding. Respondents acknowledge that they
5 have been fully advised of their right to a hearing to present evidence and call witnesses and they
6 knowingly and voluntarily waive any and all rights to a hearing before the Commission and all
7 other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona
8 Administrative Code. Respondents acknowledge that this Order To Cease And Desist, Order for
9 Restitution, Order for Administrative Penalties and Consent to Same (“Order”) constitutes a valid
10 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 understand and acknowledge that they have a right to seek counsel
17 regarding this Order, and that Respondents have had the opportunity to seek counsel prior to
18 signing this Order. Respondents acknowledge and agree that, despite the foregoing, Respondents
19 freely and voluntarily waive any and all right to consult or obtain counsel prior to signing this
20 Order.

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

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

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

10 8. Respondents understand that this Order does not preclude the Commission from
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
12 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 DORMAN and ELYSIUM agree that they will not apply to the state
17 of Arizona for registration as a securities dealer or salesman or for licensure as an investment
18 adviser or investment adviser representative until such time as all restitution and penalties under
19 this Order are paid in full.

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

24 12. Respondents DORMAN and ELYSIUM agree that they will not sell any securities
25 in or from Arizona without being properly registered in Arizona as a dealer or salesman, or exempt
26 from such registration; Respondents DORMAN and ELYSIUM will not sell any securities in or

1 from Arizona unless the securities are registered in Arizona or exempt from registration; and
2 Respondent DORMAN will not transact business in Arizona as an investment adviser or an
3 investment adviser representative unless properly licensed in Arizona or exempt from licensure.

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

8 14. Respondent DORMAN and Respondent DORMAN'S spouse, REBECCA
9 DORMAN, acknowledge that any restitution or penalties imposed by this Order are obligations of
10 Respondent DORMAN as well as the marital community.

11 15. Respondents consent to the entry of this Order and agree to be fully bound by its
12 terms and conditions.

13 16. Respondents acknowledge and understand that if they fail to comply with the
14 provisions of the order and this consent, the Commission may bring further legal proceedings
15 against Respondents, including application to the superior court for an order of contempt.

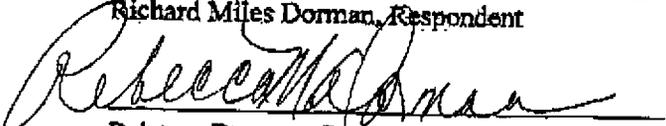
16 17. Respondents understand that default shall render Respondents liable to the
17 Commission for its costs of collection and interest at the maximum legal rate.

18 18. Respondents agree and understand that if they fail to make any payment as required
19 in the Order, any outstanding balance shall be in default and shall be immediately due and payable
20 without notice or demand. Respondents agree and understand that acceptance of any partial or late
21 payment by the Commission is not a waiver of default by Commission.

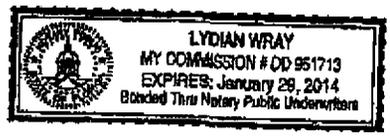
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Docket No. S-20702A-09-0460

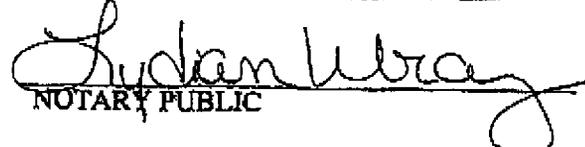
1 19. RICHARD MILES DORMAN represents that he is a member of ELYSIUM
 2 CAPITAL GROUP, L.L.C. and has been authorized by ELYSIUM CAPITAL GROUP, L.L.C. to
 3 enter into this Order for and on behalf of it.

4
 5 
 6 Richard Miles Dorman, Respondent
 7 
 8 Rebecca Dorman, Respondent Spouse

9 STATE OF FLORIDA)
 10) ss
 11 County of Bay)



12 SUBSCRIBED AND SWORN TO BEFORE me this 30th day of March, 2010.

13
 14 
 15 NOTARY PUBLIC

15 My commission expires:
 16 1-29-14

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Docket No. S-20702A-09-0460

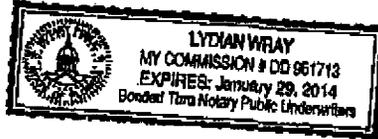
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Elysium Capital Group, L.L.C.

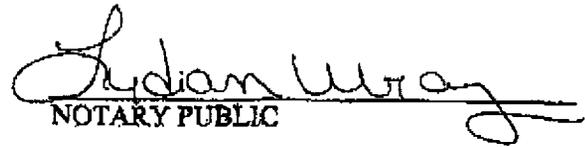


By Richard Miles Dorman, Member

STATE OF FLORIDA)
) SS
County of)



SUBSCRIBED AND SWORN TO BEFORE me this 30th day of March, 2010.


NOTARY PUBLIC

My commission expires:

1-29-14

1 SERVICE LIST FOR: Richard Miles Dorman, Michael Vincent Ring and Elysium Capital
2 Group, L.L.C.

3 Name and Address:

4 Mr. Steve T. Skivington, Esq.
5 THE LAW OFFICE OF STEVE T. SKIVINGTON
6 1016 Olive Mill Lane
7 Las Vegas, NV 89134

8 Mr. Richard M. Dorman
9 Mrs. Rebecca Dorman
10 245 Lullwater Drive
11 Panama City Beach, FL 32413
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