

OPEN MEETING ITEM

8/12/10



0000113367

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



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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission
DOCKETED

AUG 2 2010

FROM: Matthew Neubert *myb*
Director of Securities

DOCKETED BY *[Signature]*

DATE: July 27, 2010

RE: Proposed Order and Consent Regarding MJG Enterprises, Inc., Anthony Boscarino, and Marguerite Jeane Gerhart, Docket No. S-20709A-09-0524

CC: Ernest G. Johnson, Executive Director

RECEIVED
2010 AUG - 2 A 11:18
DOCKET CONFIDENTIAL

Please find attached a proposed Order to Cease and Desist, for Restitution, for Administrative Penalties, and Consent to Same ("Order") regarding MJG Enterprises, Inc. ("MJG"), Anthony Boscarino ("Boscarino"), and Marguerite Jeane Gerhart ("Gerhart"). The Order requires MJG, Boscarino, and Gerhart to cease and desist from violating the Securities Act, pay restitution in an amount of \$4,359,627 and pay an administrative penalty in the amount of \$250,000.

The Order contains findings that MJG and Boscarino offered and sold four different investment programs from August 2008 through March 2009. MJG and Boscarino offered investors opportunities to invest in an oil program, trading programs, and in collateralized mortgage obligations ("CMO").

MJG and Boscarino represented to the investors that the investors would make substantial profits, such as a return of 11.8 to 1 in the oil program, \$4-5 million per week in a trading program, and 375 percent per week in the CMO program. MJG and Boscarino also represented to investors in the CMO program that the CMO investment was 100 percent protected and that MJG and Boscarino had already placed successful trades. The investors were not protected in the CMO investment and there were no successful trades made. Over 1,521 people invested from the United States and around the world, with approximately 37 investors located in Arizona.

The Order finds that MJG and Boscarino violated A.R.S. §§44-1841 and 44-1842 by selling unregistered securities while being unlicensed. In addition, the Consent Order finds that MJG, Boscarino and Gerhart violated A.R.S. §44-1991 because there were untrue statements or misleading omissions of material facts.

The Division recommends this Order as appropriate, in the public interest, and necessary for the protection of investors.

Originator: Aikaterine Vervilos

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of:)
)
MJG ENTERPRISES, INC., doing business)
as Mike's Lock Club, an Arizona)
corporation;)
)
ANTHONY BOSCARINO (a/k/a Mike)
Brown and Anthony Kokas), a married man;)
)
MARGUERITE JEANE GERHART (a/k/a)
Marguerite Boscarino), a married woman;)
)
)
Respondents.)
)
)

DOCKET NO. S-20709A-09-0524

DECISION NO. _____

**ORDER TO CEASE AND DESIST, FOR
RESTITUTION AND FOR ADMINISTRATIVE
PENALTIES AND CONSENT TO SAME:**

**BY: MJG ENTERPRISES, INC,
ANTHONY BOSCARINO, AND
MARGUERITE JEANE GERHART**

Respondents MJG ENTERPRISES, INC., ANTHONY BOSCARINO, and MARGUERITE
JEANE GERHART elect to permanently waive any 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 to Cease and Desist, for Restitution, and for Administrative Penalties and Consent to
Same ("Order"). Respondents MJG ENTERPRISES, INC., ANTHONY BOSCARINO, and
MARGUERITE JEANE GERHART admit the jurisdiction of the Arizona Corporation
Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law
contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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

2. MJG ENTERPRISES, INC., doing business as Mike's Lock Club, ("MJG") is an Arizona corporation incorporated on November 9, 2007. MJG has its principal place of business in Tucson, Arizona.

3. MJG registered Mike's Lock Club as a trade name on May 22, 2008.

4. ANTHONY BOSCARINO (a/k/a Mike Brown and Anthony Kokas) ("BOSCARINO") is a married person who resides in Arizona. BOSCARINO uses the following aliases: Mike Brown and Anthony Kokas. BOSCARINO, using the alias Mike Brown, represented he has been the director of MJG since September 1, 2007.

5. MARGUERITE JEANE GERHART (a/k/a Marguerite Boscarino) ("GERHART") is a married person who resides in Arizona. GERHART represented that she has been the president of MJG since September 1, 2007.

6. GERHART, on behalf of MJG, registered Mike's Lock Club as a trade name on May 22, 2008.

7. BOSCARINO and GERHART are husband and wife. At all relevant times, GERHART and BOSCARINO were acting for their own benefit and for the benefit or in furtherance of their marital community.

8. MJG, BOSCARINO and GERHART may be referred to as "Respondents."

9. In 2008 MJG and BOSCARINO created Mike's Lock Club, an Internet sports handicapping business, which can be found at www.mikeslockclub.com. BOSCARINO runs Mike's Lock Club.

10. Those persons who joined Mike's Lock Club were known as Mike's Lock Club members.

1 11. BOSCARINO signed the name Mike Brown on the Mike's Lock Club website and
2 in emails sent to members of Mike's Lock Club.

3 12. MJG received the revenue from those who joined Mike's Lock Club.

4 13. MJG and BOSCARINO generated additional revenue for MJG by offering and
5 selling Project Drill, SBLC Private Placement Trade Platform, Collateralized Mortgage Obligations
6 ("CMO"), and Ping Programs through emails sent to members of Mike's Lock Club or when the
7 Mike's Lock Club members forwarded the emails to their friends and/or family (collectively
8 referred to as "offerees and investors").

9 **A. PROJECT DRILL**

10 14. In or around August 2008, MJG and BOSCARINO sent emails to offerees and
11 investors regarding an unspecific investment in oil. MJG and BOSCARINO called the investment
12 in the oil "Project Drill."

13 15. MJG and BOSCARINO described Project Drill as having two wells. BOSCARINO
14 and MJG represented to offerees and investors that one well was "in the top 1% of all the prospects
15 that have been drilled in the past 18 months." Additionally, MJG and BOSCARINO stated that
16 "the geophysicist who worked on this project invested his own money. This is very rare and a
17 good indication this will be one of the best prospects yet."

18 16. MJG and BOSCARINO represented to offerees and investors that one oil well was
19 projected to payout an "11.8 to 1 return in 6.3 months." A second well was projected to have a
20 return of "14.7 to 1 in 4.9 months."

21 17. MJG and BOSCARINO stated Project Drill would start in mid-September [2008]
22 and run through mid-March [2009], and all profits would be mailed out to the investors.

23 18. MJG and BOSCARINO asked offerees to email the amount they planned to invest.
24 BOSCARINO and MJG stated all wire transfers of funds must be received seven days from the
25 offer date.
26

1 19. The investors had no role in this investment other than to providing their money to
2 MJG and BOSCARINO.

3 20. MJG and BOSCARINO directed all investors to wire their funds to a MJG account
4 located at a Phoenix, Arizona credit union to participate in Project Drill. This account was opened
5 and controlled by GERHART. Neither MJG nor BOSCARINO had signatory authority on this
6 account.

7 **B. SBLC PRIVATE PLACEMENT TRADE PROGRAM**

8 21. On or about January 14, 2009, MJG and BOSCARINO emailed to offerees and
9 investors a description of an opportunity to participate in a program whereby within four weeks an
10 investment of \$260,000 would generate returns of \$4-5 million per week for 40 weeks.

11 22. MJG and BOSCARINO described the program, SBLC Private Placement Trade
12 Program, as a "simple leverage program." MJG and BOSCARINO explained that after 27 banking
13 days an investment of \$260,000 through reinvestment, leverage, monetizing debt and profit would
14 turn into a profit of \$1.4 million. Then, that \$1.4 million would be placed in another trading
15 program which would generate the promised returns of \$4-5 million per week for 40 weeks.

16 23. MJG and BOSCARINO represented that the investors would be purchasing an
17 "instrument," which was known as a standby letter of credit ("SBLC").

18 24. MJG and BOSCARINO represented to offerees and investors that MJG,
19 BOSCARINO and the offerees and investors "would be in this together via a Joint Venture
20 Agreement" with an investor's share being a percentage of the amount invested.

21 25. The offerees and investors were not required to do anything regarding this
22 investment except for providing the funds to purchase the SBLC.

23 26. MJG and BOSCARINO failed to explain to the offerees and investors how the
24 numbers for profit, reinvestment or monetizing the debt were calculated.

25 ...

26 ...

C. COLLATERALIZED MORTGAGE OBLIGATION (CMO) PROGRAM

27. On or about January 16, 2009, just two days after the offer of the SBLC Private Placement Trade Program investment was emailed to the offerees and investors, MJG and BOSCARINO sent out another email to the offerees and investors regarding an opportunity to invest in a CMO program.

28. MJG and BOSCARINO represented to offerees and investors that the CMO program was better than the SBLC Private Placement Trade Program because there was no need to wait before investing in the targeted trading program.

29. MJG and BOSCARINO stated they sought to raise \$1.6 million from investors because that would purchase \$1 billion in CMOs. MJG and BOSCARINO stated that the purchases "would be placed with a major brokerage house's trade platform in California." Upon execution with the major brokerage house, the investors would receive one-half of one percent or \$5 million for an upfront fee. The CMOs would then be traded for a maximum of 40 weeks at a guaranteed return of 15 percent per week from the \$1 billion purchase, or \$150 million, so long as the CMOs traded.

30. Neither MJG and BOSCARINO opened an account with a securities dealer in which to place the investor funds for the purchase of the CMOs.

31. The investors were categorized into groups designated as either A, B, or C depending upon when they invested. However, MJG and BOSCARINO eventually combined all the "groups" into one investment group.

32. MJG and BOSCARINO represented to offerees and investors that an investor could retire from this investment and told the offerees and investors to "find some type of investment money and as much as you possibly can to participate in this," and to tell family and friends.

33. On or about February 2, 2009, MJG and BOSCARINO sent another email to offerees and investors providing to them access information to a conference call regarding the CMO investment. On that conference call, a person, who identified himself as Mike Brown

1 (BOSCARINO) and a person who identified himself as a licensed attorney ("attorney"), explained
2 the CMO program.

3 34. During the conference call, BOSCARINO and the attorney told offerees and
4 investors about the profit potential, "2.8 times the investment," that there was little risk to this
5 investment, and that there would be a humanitarian trust, whose bylaws require it to purchase
6 CMOs from individuals, involved in the trading.

7 35. The attorney explained to the offerees and investors that the little risk was due to the
8 fact that the parties involved in the transaction have perfect information about the transaction. The
9 attorney said a person who is an officer of a hedge fund who is selling the CMO is also associated
10 with the humanitarian trust. As a result, the hedge fund is selling a CMO that the humanitarian
11 trust wants to buy.

12 36. BOSCARINO then explained the process in "layman's" terms. BOSCARINO
13 explained that through contacts made he was "privy to buy-sell agreements" that involved a
14 humanitarian trust. BOSCARINO could purchase at a discount CMOs that have already been
15 identified for purchase by the humanitarian trust and sell it to the humanitarian trust who had
16 already placed a purchase order for that same CMO.

17 37. BOSCARINO said he would be purchasing the CMO for 25 cents and then sell it to
18 the humanitarian trust for 70 cents.

19 38. On or about February 3, 2009, MJG and BOSCARINO emailed offerees and
20 investors information regarding the CMO investment that was left out of the conference call.
21 BOSCARINO and MJG added that the CMO future profit potential was 375 percent per week and
22 that the change to the CMO program was "to make sure our investments were 100% protected."
23 BOSCARINO and MJG stated their goal was to raise \$1.6 million.

24 39. MJG and BOSCARINO included instructions to wire the investor funds to a MJG
25 account located at a Phoenix, Arizona credit union. This account was opened and controlled by
26 GERHART. Neither MJG nor BOSCARINO had signatory authority on this account.

1 40. On or about February 8, 2009, MJG executed a contract to purchase part of a CMO
2 purportedly already owned by an individual ("First CMO") although MJG and BOSCARINO
3 represented to offerees and investors that the First CMO would be purchased from a brokerage
4 house.

5 41. Pursuant to the contract, MJG agreed to wire \$1 million to a Chicago law firm in
6 exchange for \$400 million in face value of the \$1 billion CMO. GERHART, on behalf of MJG,
7 wired the \$1 million directly to a Chicago law firm as required by the purchase contract.

8 42. The seller of the CMO promised to pay MJG \$2.8 million upon the sale of the
9 CMO, which was expected to occur in 48 hours. MJG further agreed to roll-over \$2.5 million of
10 profits from this transaction into another similar transaction.

11 43. According to the terms of this agreement, that individual had an executed contract
12 with a buyer to purchase the individual's CMO. In the event that transaction failed, both the
13 individual and the individual's attorney personally guaranteed repayment of the \$1 million
14 investment to MJG.

15 44. To date, MJG has not received any profits or the return of its \$1 million from the
16 purchase of the First CMO. MJG and BOSCARINO misrepresented to investors that there was
17 little risk or the investment was 100 percent protected when BOSCARINO and MJG have received
18 neither profits nor the principal from the First CMO purchase.

19 45. On or about March 3, 2009, MJG and BOSCARINO sent another email to the
20 offerees and investors indicating that the "C" investor group had another day in order to wire their
21 funds to MJG and that they sought new or existing investors for Group C. MJG and BOSCARINO
22 also said Groups A and B's first trades were "a Complete Success!" Although MJG and
23 BOSCARINO stated Groups A and B had successful trades, in fact, there were no trades, only one
24 attempted purchase of part of a purportedly already-purchased CMO.

25 46. On or about March 13, 2009, GERHART authorized a California title company to
26 disburse an amount just under \$1.3 million to three different parties for the purchase of a CMO

1 (“Second CMO”). Two entities received part of the \$1.3 million as commissions and the
2 remainder was used to purchase the Second CMO.

3 47. The Second CMO is not titled in either MJG’s or BOSCARINO’s name. It is
4 purportedly being held in trust for MJG.

5 48. For both the First and Second CMO purchases, BOSCARINO and MJG directed the
6 investors to sign and return a “JV Agreement” to them “A.S.A.P.” BOSCARINO and MJG told
7 investors to go to Mike’s Lock Club’s website to download a JV Agreement (“Agreement”).

8 49. The Agreement stated the following:

- 9 a) That it is intended for the purchase and selling of CMOs and Cash “Ping”
10 Programs;
11 b) That the investor makes a contribution either to Group “A,” “B,” or “C”;
12 c) That MJG provides the ability to engage in the trading programs with a
13 responsible and licensed trader, and is responsible for investigating and
14 coordinating all transactions to the best of their ability;
15 d) That funds will be transferred into a secure escrow account and will be
16 monitored by and protected by a board certified title trustee; and
17 e) That Agreement and funds are to be sent to MJG at a Tucson, Arizona address.

18 50. To date, neither BOSCARINO nor MJG received a return on the invested funds or
19 its principal from the purchase of either the First CMO or Second CMO.

20 51. BOSCARINO and MJG failed to tell offerees and investors they did not have
21 experience in purchasing or trading CMOs when their first experience with purchasing and trading
22 CMOs occurred on or about February 9, 2009.

23 52. BOSCARINO and MJG represented to offerees and investors that the offerees and
24 investors would make significant profits from the CMOs when no profits were made from the
25 purchases.
26

1 53. BOSCARINO and MJG represented to offerees and investors that the investor funds
2 would be used for the purchase and selling of CMOs and Cash "Ping" programs when some of the
3 funds were used for other purposes.

4 54. BOSCARINO and MJG represented to offerees and investors that the investor funds
5 would be monitored by and protected by a board certified title trustee when in fact the title
6 company held funds for the purchase of the Second CMO purchase and GERHART directed the
7 title company to disburse those funds according to her instructions.

8 55. BOSCARINO and MJG represented to offerees and investors that the First CMO or
9 Second CMO investment as having little risk or was 100 percent protected when in fact the CMO
10 purchases were not made through a securities dealer, there was no humanitarian trust, a majority of
11 the investors have not had their funds returned, and the investors have not received any of the
12 promised profits.

13 **D. PING PROGRAM**

14 56. In or around March 16, 2009, MJG and BOSCARINO emailed to offerees and
15 investors information about other investment opportunities. Included in one such email was the
16 opportunity to invest in the Ping Program, which was another trading platform involving CMOs.
17 There were two different Ping Program investments, both of which called for an investment of
18 \$50,000, were limited to 200 investors, and involved pooling the investor funds. MJG and
19 BOSCARINO represented each investment would double after two weeks and then double again in
20 two additional weeks.

21 57. MJG and BOSCARINO represented to offerees and investors that one Ping Program
22 investment involved the purchase of a certificate of deposit where the money would never be
23 touched. According to MJG and BOSCARINO, "the trade platform verifies the funds each day by
24 pinging the account and trades off the money in this manner." This investment was labeled "safe
25 as a 10 on a scale of 1-10" and is designed "for a longer term weekly income type of investment."
26

1 58. MJG and BOSCARINO represented to offerees and investors that the second Ping
2 Program investment was based out of Switzerland. The money would be left in MJG or
3 BOSCARINO'S bank account. The investors would agree to allow the trading bank to "ping" the
4 account in order to trade. According to MJG and BOSCARINO, the first payout would be two
5 weeks after trading, then it would pay double in eight business days, and pay weekly thereafter.
6 According to MJG and BOSCARINO, this investment also had a "safety rating of 10."

7 59. MJG and BOSCARINO told the investors they needed to act quickly to participate
8 in this program. MJG and BOSCARINO asked for email commitments and then directed the
9 investors to wire the funds by the end of the week to make the investment cutoff date.

10 60. At least one Investor wired \$50,000 to the MJG account located at a Phoenix,
11 Arizona credit union to participate in the Ping Program. This account was opened and controlled by
12 GERHART. Neither MJG nor BOSCARINO had signatory authority on this account.

13 61. On or about April 13, 2009, BOSCARINO and MJG emailed the investors telling
14 them that they were returning the Ping Program funds. However, at least one Investor has not
15 received the promised return of funds.

16 **E. GENERAL ALLEGATIONS**

17 62. BOSCARINO and MJG raised at least \$4,359,627 from at least 1,521 Investors
18 through the offer and/or sale of Project Drill, SBLC Private Placement Trade Platform, CMOs, and
19 Ping Program.

20 63. The investors and offerees reside throughout the United States, including Arizona,
21 and several foreign countries.

22 64. At all times relevant, MJG and BOSCARINO were neither registered as dealers nor
23 as salesmen with the Commission. At all times relevant, Project Drill, SBLC Private Placement
24 Trade Platform, CMOs, and Ping Program were not registered with the Commission.

25 ...

26 ...

II.

CONCLUSIONS OF LAW

1
2
3 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
4 Arizona Constitution and the Securities Act.

5 2. MJG and BOSCARINO offered or sold securities within or from Arizona, within the
6 meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

7 3. MJG and BOSCARINO violated A.R.S. § 44-1841 by offering or selling securities
8 that were neither registered nor exempt from registration.

9 4. MJG and BOSCARINO violated A.R.S. § 44-1842 by offering or selling securities
10 while neither registered as a dealer or salesman nor exempt from registration.

11 5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or
12 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c)
13 engaging in transactions, practices, or courses of business that operate or would operate as a fraud
14 or deceit. Respondent's conduct included:

15 a) MJG and BOSCARINO failed to tell investors they had very little or no
16 experience in purchasing or trading CMOs when their first experience with purchasing and trading
17 CMOs occurred on or about February 9, 2009;

18 b) MJG and BOSCARINO misrepresented to investors that MJG and
19 BOSCARINO would purchase the CMOs through a major brokerage house and/or a responsible
20 licensed trader, when, in fact, neither BOSCARINO nor MJG opened an account with a securities
21 dealer;

22 c) MJG and BOSCARINO misrepresented to investors that MJG and
23 BOSCARINO would purchase the CMOs through a major brokerage house and/or a responsible
24 licensed trader, when, in fact, GERHART wired funds directly to a law firm and instructed a title
25 company to wire funds to another entity and two individuals, for the benefit of other individuals;

26

1 d) MJG and BOSCARINO misrepresented to investors the profit of the CMOs to
2 be either 2.8 times the investment or 375 percent per week when in fact no profits were made on the
3 purchases and the investor funds are likely lost;

4 e) MJG and BOSCARINO misrepresented to investors that the investor funds
5 would be used for the purchase and selling of CMOs and Cash "Ping" when in fact some of the funds
6 were used for purposes other than the investment;

7 f) MJG and BOSCARINO misrepresented to investors that the investor funds
8 would be monitored by and protected by a board certified title trustee when in fact the title company
9 only held funds for the purchase of the Second CMO and the title company's purpose was to hold the
10 funds until GERHART issued disbursement instructions; and

11 g) MJG and BOSCARINO misrepresented to investors the CMO investment as
12 having little risk or is 100 percent protected when the First and Second CMO purchases were not made
13 through a securities dealer, there was no humanitarian trust, a majority of the investors have not had
14 their funds returned, the investors have not received any of the promised profits, or have not been
15 provided an accounting of the funds.

16 6. GERHART directly or indirectly controlled persons or entities within the meaning
17 of A.R.S. § 44-1999, including MJG. Therefore, GERHART is jointly and severally liable under
18 A.R.S. § 44-1999 to the same extent as MJG for its violations of A.R.S. § 44-1991.

19 7. BOSCARINO directly or indirectly controlled persons or entities within the
20 meaning of A.R.S. § 44-1999, including MJG. Therefore, BOSCARINO is jointly and severally
21 liable under A.R.S. § 44-1999 to the same extent as MJG for its violations of A.R.S. § 44-1991.

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

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

26 10. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

1 Commission determines it is unable to or cannot feasibly disburse shall be transferred to the general
2 fund of the state of Arizona.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents individually,
4 and the marital community of BOSCARINO and GERHART, shall jointly and severally, pay an
5 administrative penalty in the amount of \$250,000. Payment shall be made to the "State of Arizona."
6 Any amount outstanding shall accrue interest as allowed by law.

7 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
8 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments shall
9 be applied to the penalty obligation.

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

13 IT IS FURTHER ORDERED, that if a Respondent fails to comply with this order, the
14 Commission may bring further legal proceedings against that Respondent, including application to the
15 superior court for an order of contempt.

16 ...
17 ...
18 ...
19 ...
20 ...
21 ...
22 ...
23 ...
24 ...
25 ...
26 ...

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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 Bernal, ADA Coordinator,
voice phone number 602-542-3931, e-mail sbernal@azcc.gov.

(AV)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents MJG ENTERPRISES, INC., ANTHONY BOSCARINO, and
3 MARGUERITE JEANE GERHART (collectively "Respondents") admit the jurisdiction of the
4 Commission over the subject matter of this proceeding. Respondents acknowledge that
5 Respondents have been fully advised of their right to a hearing to present evidence and call
6 witnesses and they knowingly and voluntarily waive any and all rights to a hearing before the
7 Commission and all other rights otherwise available under Article 11 of the Securities Act and
8 Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order to Cease
9 and Desist, for Restitution and for Administrative Penalties and Consent to Same ("Order")
10 constitutes a valid 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 acknowledge that they have been represented by an attorney in this
17 matter, they have reviewed this Order with their attorney, Robert Mitchell, Esq., and understand all
18 terms it contains. Respondents acknowledge that their attorney has apprised them of their rights
19 regarding any conflicts of interest arising from the multiple representations. Each Respondent
20 acknowledges that they have each given their informed consent to such representation.

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.

25 6. By consenting to the entry of this Order, Respondents agree not to take any action
26 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding

1 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without
2 factual basis. Respondents will undertake steps necessary to assure that all of their agents and
3 employees understand and comply with this agreement.

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

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

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

14 10. Each Respondent agrees that each Respondent will not apply to the state of Arizona
15 for registration as a securities dealer or salesman or for licensure as an investment adviser or
16 investment adviser representative until such time as all restitution and penalties under this Order
17 are paid in full.

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

21 12. Respondents agree that Respondents will not sell any securities in or from Arizona
22 without being properly registered in Arizona as a dealer or salesman, or exempt from such
23 registration; Respondents will not sell any securities in or from Arizona unless the securities are
24 registered in Arizona or exempt from registration; and Respondents will not transact business in
25 Arizona as an investment adviser or an investment adviser representative unless properly licensed
26 in Arizona or exempt from licensure.

1 13. Respondents agree that they will continue to cooperate with the Securities Division
2 including, but not limited to, providing complete and accurate testimony at any hearing in this
3 matter and cooperating with the state of Arizona in any related investigation or any other matters
4 arising from the activities described in this Order. This provision shall not constitute a waiver of
5 Respondents state and federal rights against self-incrimination.

6 14. Respondents acknowledge that any restitution or penalties imposed by this Order
7 are obligations of Respondents, as well as the marital community of BOSCARINO and
8 GERHART.

9 15. Respondents agree that they shall deposit with the Commission any monies received
10 as a result of a settlement, reimbursement, or any type of resolution of Maricopa County, Arizona
11 Superior Court cases, CV2009-020325 and CV2009-020326, United States District Court of Arizona
12 case 2:10-CV-00086-PHX-MHM, or any other case, wherever filed or removed that is related to the
13 underlying facts of this Order. The funds deposited shall be net of attorney's fees and costs actually
14 occurred in the litigation of CV2009-020325, CV2009-020326, 2:10-CV-00086-PHX-MHM, or any
15 other case, unless the Respondents recover attorney's fees and costs from the Defendants. The monies
16 deposited by the Respondents and received by the Commission will be considered as payment
17 towards their obligations under the Order and distributed pursuant to the terms of the Order.

18 16. Respondents consent to the entry of this Order and agree to be fully bound by its
19 terms and conditions.

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

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

1 19. MARGUERITE JEANE GERHART represents that she is the president of MJG
2 ENTERPRISES, INC and has been authorized by MJG ENTERPRISES, INC to enter into this
3 Order for and on behalf of it.

MJG ENTERPRISES, INC, an Arizona
4 corporation

5 By: *Marguerite Jeane Gerhart*
6 Marguerite Jeane Gerhart

7 Its: President



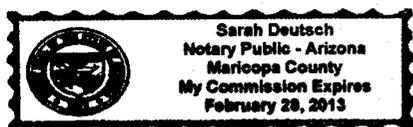
8 STATE OF ARIZONA)
9 County of) ss)

10 SUBSCRIBED AND SWORN TO BEFORE me this 26th day of July, 2010.

11
12 *Sarah Deutsch*
13 NOTARY PUBLIC

14 My commission expires:
15 2/28/2013

16
17 *Anthony Boscarino*
18 ANTHONY BOSCARINO



19 STATE OF ARIZONA)
20 County of) ss)

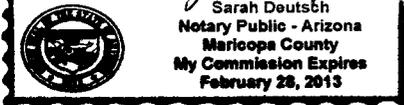
21 SUBSCRIBED AND SWORN TO BEFORE me this 26th day of July, 2010.

22
23 *Sarah Deutsch*
24 NOTARY PUBLIC

25 My commission expires:
26 2/28/2013

M. Gerhart

MARGUERITE JEANE GERHART



- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26

STATE OF ARIZONA)
) ss
 County of)

SUBSCRIBED AND SWORN TO BEFORE me this 26th day of July, 2010.

Sarah Deutsch

 NOTARY PUBLIC

My commission expires:
2/28/2013

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

SERVICE LIST FOR:

ORDER TO CEASE AND DESIST, FOR
RESTITUTION, FOR ADMINISTRATIVE
PENALTIES AND CONSENT TO SAME BY:
MJG ENTERPRISES, INC, ANTHONY
BOSCARINO, AND MARGUERITE JEANE
GERHART

DOCKET NO.:

S-20709A-09-0524

Robert Mitchell, Esq.
Mitchell & Associates
Viad Corporate Center, Suite 1715
1850 North Central Avenue
Phoenix, AZ 85004
Attorney for Respondents