

OPEN MEETING ITEM

7/8/10



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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



RECEIVED

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2010 JUN 22 A 11:59

ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

MEMORANDUM

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

Arizona Corporation Commission
DOCKETED

JUN 22 2010

FROM: Matthew J. Neubert
Director of Securities

DOCKETED BY

DATE: June 21, 2010

RE: *In re Kenneth Williams (d/b/a "KWD Commercial Construction Services")*,
Docket No. S-20743A-10-0211

CC: Ernest G. Johnson, Executive Director

Attached for your consideration is a proposed Order to Cease and Desist, Order for Administrative Penalties ("Order") and Consent to Same By: Respondent Kenneth Williams (d/b/a "KWD Commercial Construction Services") ("Respondent"). The Order finds that from May 4, 2010, to June 4, 2010, Respondent publically offered securities in the form of investment contracts and notes to potential Arizona investors on the website Craig's List/Phoenix. The one year investments were to be documented by unsecured promissory notes signed by Respondent, and they promised returns of 15% per month. Respondent promised to use investor money to fund his solar and energy efficiency business based in Dallas, Texas. Respondent did not sell any securities, and he removed the Internet advertisements at the request of the Division.

The Order finds that Respondent violated A.R.S. §§ 44-1841 & 44-1842 of the Arizona Securities Act ("Act") by offering unregistered securities while not being registered as a securities salesman or dealer, or exempt from registration. The Order requires Respondent to permanently cease and desist from violating the Act, and to pay a \$2,000 administrative penalty.

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

Originator: Mike Dailey

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of) DOCKET NO. S-20743A-10-0211
KENNETH WILLIAMS (d/b/a "KWD COMMERCIAL CONSTRUCTION SERVICES"), a single man,) DECISION NO. _____
Respondents.) ORDER TO CEASE AND DESIST, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME
) BY: RESPONDENT KENNETH WILLIAMS (d/b/a "KWD COMMERCIAL CONSTRUCTION SERVICES")

Respondent KENNETH WILLIAMS (d/b/a "KWD COMMERCIAL CONSTRUCTION SERVICES") ("RESPONDENT") elects 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, Order for Administrative Penalties ("Order") and Consent to Same. RESPONDENT admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of this proceeding and any other proceeding in which the Commission or any other agency of the state of Arizona is a party the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. Respondent KENNETH WILLIAMS (d/b/a "KWD COMMERCIAL CONSTRUCTION SERVICES") ("RESPONDENT") is a single man and a Dallas, Texas resident. RESPONDENT has not been registered as a securities salesman or dealer by the Commission.

1 2. From May 4, 2010, to June 4, 2010, RESPONDENT offered unregistered
2 securities in the form of investment contracts and/or notes within Arizona by publically
3 advertising them on an Internet website known as Craig's List/Phoenix (the "Craig's List
4 Advertisement(s)").

5 3. RESPONDENT published a Craig's List Advertisement on the Internet on or
6 about May 4, 2010, to June 4, 2010, and it stated as follows:

7 *****Invest in Solar and Green Energy*** (Texas)**

8 Hello, Dallas based Solar and Energy efficiency company seeking outside investors
9 / silent partners for continued growth and expansion. This is a very hot area of the
10 economy and we are poised for tremendous growth! Great product array offered for
11 commercial and residential consumers. Our services qualify for government rebates
and tax credit offerings. If interested get in touch!
(PostingID: 1723796819)

12 (emphasis in originals).

13 4. On May 6, 2010, an Arizona resident responded to this Craig's List Advertisement
14 by sending an email to RESPONDENT via the Craig's List Advertisement in which he expressed
15 his interest in learning more about RESPONDENT's business operations and the investment.

16 5. On May 7, 2010, RESPONDENT sent the potential Arizona investor a responsive
17 email in which he described the investment:

18 Hello, and thank you for your interest...I am looking for individuals or groups
19 interested in Investing [sic] / partnering to increase my cash base to work from. I
20 concentrate on Texas and surrounding states...Our profit margins are high and my
proposed payback of any invested money is as follows:

21 I will pay you 15% of investment each month for 12 months, so at the end you have
22 been paid back 180% of the amount you invested, resulting in 80% profit in 12
months time, so in a years [sic] time that's a great ROI.

23 (the "Investment(s)"). RESPONDENT's May 7, 2010, email further explained to the potential
24 Arizona investor that RESPONDENT would pool investors' Investment money together to
25 operate and promote his solar and energy efficiency business operations, and to increase his
26 business "advertising and marketing as well as cash flow maintenance."

1 6. RESPONDENT's May 7, 2010, email further described the services that he would
2 provide on behalf of investors, including: (a) working with "distributors and installers on a wide
3 arrange of solar and green products;" (b) preparing a marketing campaign targeted towards
4 "residential and commercial customers;" (c) "bidding on commercial and government projects;"
5 and (d) selling "Solar Energy Solutions" to, and consulting with customers including the sale of
6 solar energy panels, solar thermal pool and hot water heating systems, solar attic fans, tank-less
7 water heaters, wind energy systems, geo thermal HVAC systems, rainwater harvesting and grey
8 water recycling and the installation of energy efficient roofing, windows, siding and insulation
9 (the "Business").

10 7. The potential Arizona investor sent RESPONDENT a second email on May 12,
11 2010, that requested additional information regarding how the Investment would be documented.
12 In response, RESPONDENT emailed the potential Arizona investor on May 13, 2010, and stated:

13 Hello, attached is the promissory note. [Investment] funds are to be used in the
14 operations [sic] and marketing of KWD's residential and commercial solar and
energy efficiency operations.

15 Attached to RESPONDENT's May 13, 2010, email was a one page, unsecured "PROMISSORY
16 NOTE" made and signed by RESPONDENT in his individual capacity (the "Note").

17 8. Without limitation, the Note states that: (a) the "borrower" is RESPONDENT,
18 and that he is the "owner" of a company called, "KWD Commercial Construction Services;" (b)
19 the Note "shall be paid in equal installments of 15% of money lent, due the first day of each
20 month, for 12 months, so at the termination of repayment 180% of loan has been repaid;" and (c)
21 that if more than one borrower (*i.e.*, "RESPONDENT") makes and executes the Note, each
22 borrower will be jointly and severally liable with the other to the Investment investor.

23 9. Although RESPONDENT represented that he is the owner of a company called
24 KWD Commercial Construction Services ("KWD"), RESPONDENT never formally
25 incorporated or organized a business entity under the name KWD. Rather, KWD is an assumed
26 name and RESPONDENT's Business operations consist of a sole proprietorship.

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

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

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENT shall pay
7 an administrative penalty in the amount of \$2,000. Payment is due in full on the date of this Order.
8 Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as
9 allowed by law.

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

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1 IT IS FURTHER ORDERED that if RESPONDENT fails to comply with this order, the
2 Commission may bring further legal proceedings against RESPONDENT, including application to
3 the superior court for an order of contempt.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

6
7 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER

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

16 _____
17 ERNEST G. JOHNSON
18 EXECUTIVE DIRECTOR

19 _____
20 DISSENT

21 _____
22 DISSENT

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

25 (MD)

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CONSENT TO ENTRY OF ORDER

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1. Respondent KENNETH WILLIAMS (d/b/a "KWD COMMERCIAL CONSTRUCTION SERVICES") ("RESPONDENT") admits the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENT acknowledges that he has been fully advised of his right to a hearing to present evidence and call witnesses and RESPONDENT knowingly and voluntarily waives any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENT acknowledges that this Order to Cease and Desist, Order for Administrative Penalties ("Order") and this Consent to Entry of Order constitutes a valid final order of the Commission.

2. RESPONDENT knowingly and voluntarily waives any right under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENT acknowledges and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENT understands and acknowledges that RESPONDENT has the right to seek counsel regarding this Order, and that RESPONDENT has had the opportunity to seek counsel prior to signing this Order. RESPONDENT acknowledges and agrees that, despite the foregoing, RESPONDENT freely and voluntarily waives any and all right to consult or obtain counsel prior to signing this Order.

5. RESPONDENT admits only for purposes of this proceeding and any other proceeding in which the Commission or any other agency of the state of Arizona is a party the Findings of Fact and Conclusions of Law contained in this Order. RESPONDENT agrees that RESPONDENT shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or future proceeding in which the Commission or any other

1 state agency is a party concerning the denial or issuance of any license or registration required by
2 the state to engage in the practice of any business or profession.

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

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

12 8. RESPONDENT understands that this Order does not preclude the Commission from
13 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
14 that may be related to the matters addressed by this Order.

15 9. RESPONDENT understands that this Order does not preclude any other agency or
16 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
17 proceedings that may be related to matters addressed by this Order.

18 10. RESPONDENT agrees that RESPONDENT will not apply to the state of Arizona
19 for registration as a securities dealer or salesman or for licensure as an investment adviser or
20 investment adviser representative until such time as all penalties under this Order are paid in full.

21 11. RESPONDENT agrees that RESPONDENT will not exercise any control over any
22 entity that offers or sells securities or provides investment advisory services within or from Arizona
23 until such time as all penalties under this Order are paid in full.

24 12. RESPONDENT agrees that RESPONDENT will not sell any securities in or from
25 Arizona without being properly registered in Arizona as a dealer or salesman, or exempt from such
26 registration; RESPONDENT will not sell any securities in or from Arizona unless the securities are

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

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

8 14. RESPONDENT consents to the entry of this Order and agrees to be fully bound by
9 its terms and conditions.

10 15. RESPONDENT acknowledges and understands that if RESPONDENT fails to
11 comply with the provisions of the order and this consent, the Commission may bring further legal
12 proceedings against RESPONDENT, including application to the superior court for an order of
13 contempt.

14 16. RESPONDENT understands that default shall render RESPONDENT liable to the
15 Commission for its costs of collection and interest at the maximum legal rate.

16 17. RESPONDENT agrees and understands that if RESPONDENT fails to make any
17 payment as required in the Order, any outstanding balance shall be in default and shall be
18 immediately due and payable without notice or demand. RESPONDENT agrees and understands
19 that acceptance of any partial or late payment by the Commission is not a waiver of default by the
20 Commission.

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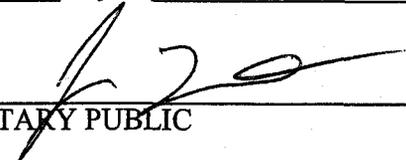
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1 18. RESPONDENT represents that at all times relevant he conducted business in his
2 individual capacity, and did business under the assumed name of KWD COMMERCIAL
3 CONSTRUCTION SERVICES as a sole proprietorship.

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6 Respondent Kenneth Williams (d/b/a "KWD
Commercial Construction Services")

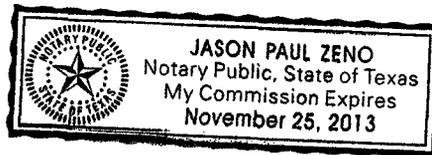
7
8 STATE OF TEXAS)
9 County of Dallas) ss

10 SUBSCRIBED AND SWORN TO BEFORE me this 18th day of June, 2010.

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12 
13 NOTARY PUBLIC

14 My commission expires:

15 6/25/13



SERVICE LIST FOR: *In re Kenneth Williams (d/b/a "KWD Commercial Construction Services")*, Docket No. S-20743A-10-0211

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Kenneth Williams
3227 McKinney Ave, #17K
Dallas, TX 75204
Respondent Pro Se