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WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

BRIAN C. McNEIL
EXECUTIVE SECRETARY



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Marc Spitzer, Chairman
Jim Irvin
William A. Mundell
Jeff Hatch-Miller
Mike Gleason

Arizona Corporation Commission

DOCKETED

SEP 08 2003

FROM: Matthew Neubert
Acting Director of Securities

DOCKETED BY	
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DATE: September 8, 2003

RE: Proposed Settlement Agreement and Order re: Carl Delano Woodard, S-03364A-02-0000

CC: Brian C. McNeil, Executive Secretary

ARIZONA CORPORATION COMMISSION
DOCUMENT CONTROL

2003 SEP -8 P 3:06

RECEIVED

Attached is a proposed Consent Order for Carl Delano Woodard ("Woodard"). The Order requires Woodard to cease and desist his activity, to pay restitution to all investors and to pay a penalty of \$15,000.

The Consent Order arises out of a partnership, begun by family and friends of WOODARD, named Maliko Investments ("Maliko I"). The purpose of the partnership was to act as an investment vehicle. Beginning in 1994, Maliko began investing in stocks. WOODARD conducted the trading in the stocks. In August 1997, a second partnership was formed, Maliko II. It was also made up of family members, along with some friends. It also invested in stocks. Again, WOODARD conducted all the trading in the stocks for Maliko II.

WOODARD failed to disclose material information regarding the trading to the Maliko I and II investors. WOODARD did disclose trades for Maliko I and II to investors, but did not adequately disclose the risk involved in the investments. A significant portion of the Partnership's portfolio was generally concentrated in a small number of investment positions at any one time, thus increasing the potential risk. WOODARD also purchased stocks on margin for Maliko I and II and had Maliko I and II sell stocks short. These methods of trading involve levels of risk that were not disclosed to investors. Ultimately Maliko I and Maliko II lost investor funds.

Maliko I and II investors invested at least \$718,015. Maliko I and II investors received \$172,062 in distributions. Some of the investors sued Woodard for his action. In partial settlement

of the civil litigation, WOODARD paid those investors \$120,000. Thus, investors in Maliko I and II have lost \$335,113.

The Order finds that WOODARD violated A.R.S. §§ 44-1841, 44-1842 and 44-1991. It orders him to pay the amount lost \$335,113, plus interest. Additionally, he is required to pay a penalty of \$15,000. WOODARD also agrees that he will not apply to the state of Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser or investment adviser representative at any time in the future, nor will he will not exercise any control over any entity that offers or sells securities or provides investment advisory services, within or from Arizona.

The Securities Division recommends approval of the Order.

Originator: Mark Dinell

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MARC SPITZER, Chairman
4 JIM IRVIN
5 WILLIAM A. MUNDELL
6 JEFF HATCH-MILLER
7 MIKE GLEASON

8 In the matter of:

9 CARL DELANO WOODARD
10 AKA: CARL WOODWARD
11 3065 West Ironwood Circle
12 Chandler, Arizona 85226,

13 Respondent.

) DOCKET NO. S-03364A-02-0000

) DECISION NO. _____

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

14 RESPONDENT CARL DELANO WOODARD AKA: CARL WOODWARD elects to
15 permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act
16 of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And
17 Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order").
18 RESPONDENT admits the jurisdiction of the Arizona Corporation Commission ("Commission");
19 admits only for purposes of this proceeding and any other administrative proceeding before the
20 Commission or any other agency of the State of Arizona the Findings of Fact and Conclusions of
21 Law contained in this Order; and consents to the entry of this Order by the Commission.

22 **I.**

23 **FINDINGS OF FACT**

24 1. CARL DELANO WOODARD ("WOODARD") is an Arizona resident, whose last
25 known address is 3065 West Ironwood Circle, Chandler, Arizona 85226.
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1 restitution obligations ordered herein and shall become immediately due and payable only after
2 restitution payments have been paid in full, or if RESPONDENT has defaulted prior to fulfilling
3 RESPONDENT'S restitution obligations.

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

5 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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8 CHAIRMAN	COMMISSIONER	COMMISSIONER
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11 COMMISSIONER		COMMISSIONER

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IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
Executive Secretary 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
_____, 2003.

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BRIAN C. McNEIL
Executive Secretary

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DISSENT

23

DISSENT

24 This document is available in alternative formats by contacting, Yvonne L. McFarlin Executive
25 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail.
ymcfarlin@cc.state.az.us.
26 (md)

CONSENT TO ENTRY OF ORDER

1
2 1. RESPONDENT CARL DELANO WOODARD AKA: CARL WOODWARD
3 admits the jurisdiction of the Commission over the subject matter of this proceeding. WOODARD
4 acknowledges that he has been fully advised of his right to a hearing to present evidence and call
5 witnesses and WOODARD knowingly and voluntarily waives any and all rights to a hearing
6 before the Commission and all other rights otherwise available under Article 11 of the Securities
7 Act and Title 14 of the Arizona Administrative Code. WOODARD acknowledges that this Order
8 constitutes a valid final order of the Commission.

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

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

14 4. WOODARD acknowledges that he has been represented by counsel in this matter,
15 he has reviewed this Order with his counsel and understands all terms it contains.

16 5. WOODARD admits, only for purposes of this proceeding and any other
17 administrative proceeding before the Commission or any other agency of the state of Arizona, the
18 Findings of Fact and Conclusions of Law contained in this Order.

19 6. By consenting to the entry of this Order, WOODARD agrees not to take any action
20 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding
21 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without
22 factual basis. WOODARD will undertake steps necessary to assure that all of his agents and
23 employees understand and comply with this agreement.

24 7. While this Order settles this administrative matter between WOODARD and the
25 Commission, WOODARD understands that this Order does not preclude the Commission from
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1 instituting other administrative proceedings based on violations that are not addressed by this
2 Order.

3 8. WOODARD understands that this Order does not preclude the Commission from
4 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
5 that may be related to the matters addressed by this Order.

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

9 10. WOODARD agrees that he will not apply to the state of Arizona for registration as
10 a securities dealer or salesman or for licensure as an investment adviser or investment adviser
11 representative at any time in the future.

12 11. WOODARD agrees that he will not exercise any control over any entity that offers
13 or sells securities or provides investment advisory services, within or from Arizona.

14 12. WOODARD agrees that until restitution and penalties are paid in full, WOODARD
15 will notify the Director of the Securities Division within 30 days of any change in home address or
16 any change in WOODARD's ability to pay amounts due under this Order.

17 13. WOODARD understands that default shall render him liable to the Commission for
18 its costs of collection and interest at the maximum legal rate.

19 14. WOODARD agrees that he will continue to cooperate with the Securities Division
20 including, but not limited to, providing complete and accurate testimony at any hearing in this
21 matter and cooperating with the state of Arizona in any related investigation or any other matters
22 arising from the activities described in this Order.

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1 15. WOODARD consents to the entry of this Order and agrees to be fully bound by its
2 terms and conditions. If WOODARD breaches any provision of this Order, the Commission may
3 vacate this Order and restore this case to its active docket.

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5 
6 CARL DELANO WOODARD

7 SUBSCRIBED AND SWORN TO BEFORE me this 4th day of SEPTEMBER, 2003.

8 
9 NOTARY PUBLIC

10 My Commission Expires:

11  Notary Public State of Arizona
12 Maricopa County
Gary R Clapper
Expires January 20, 2007