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ORIGINAL

BRIAN C. McNEIL  
EXECUTIVE SECRETARY  
MARK SENDROW  
DIRECTOR

WILLIAM A. MUNDELL  
COMMISSIONER

ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION  
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MEMORANDUM  
DOCKETED

NOV 16 2000

TO: Chairman Carl J. Kunasek  
Commissioner Jim Irvin  
Commissioner William A. Mundell



FROM: Mark Sendrow  
Director of Securities

DATE: November 15, 2000

RE: Proposed Order To Cease And Desist, Order Of Revocation, Order For  
Administrative Penalties and Consent To Same, Re: Deborah Suann Angus;  
Docket No. S-03384A-99-0000

CC: Brian C. McNeil, Executive Secretary

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AZ CORP COMMISSION  
DOCUMENT CONTROL

Attached is a proposed Order To Cease And Desist, Order Of Revocation, Order For Administrative Penalties and Consent To Same ("Order") for Deborah Suann Angus ("Angus"). Pursuant to this Order, Angus shall permanently cease and desist from violating the Securities Act of Arizona, her registration as a securities salesperson will be revoked, and she will pay an administrative penalty in the amount of \$12,500.

Angus has consented to not apply for registration as a securities salesperson or dealer, or for licensure as an investment adviser or investment adviser representative in Arizona until the later in time of two years from the date of this Order, or when the penalty with interest is paid in full. The Commission has discretion to deny any future application by Angus after a hearing or notice and an opportunity for a hearing.

Angus sold securities of Executive Investment Group, L.L.C. ("Executive") to sixteen investors for \$424,418 and securities of Keystone Investment Management Group, Inc. ("Keystone") to two investors for \$100,000. One of the two Keystone investors requested a refund of his investment. Keystone refunded this investor his \$50,000 investment. None of the securities transactions of Executive or Keystone was recorded on the records of the dealer Angus was registered with at the time of the transactions. The securities in Executive were the subject of S-03265A-98-0000, Decision No. 61102 (Hanover Financial Corporation). In Decision No. 61102, the Commission found that the securities of Executive were not registered or exempt from registration and the Commission ordered Executive to pay over \$1.57 million dollars in restitution. Keystone was not a named respondent in matter S-03265A-98-0000. Keystone did

file with the Corporation Commission a copy of Form D, in compliance with Rule R14-4-126 of the Arizona Administrative Code, providing notice of its sale of securities. Keystone is still an ongoing company.

The Division recommends approval of the attached Order. With approval of the Order, Angus will be ordered to cease and desist from further violations of the Securities Act of Arizona, her registration as a securities salesperson will be revoked, and she will be required to pay an administrative penalty in the amount of \$12,500.

Originator: Anthony Bingham

A.G. Assigned: Moira McCarthy



1           3.       Around the middle of October 1997, ANGUS began working as a sales  
2 representative at Hanover Financial Corporation ("Hanover"), located in Scottsdale, Arizona.  
3 Hanover was purportedly an investment-banking firm that raised capital to finance businesses,  
4 particularly start-up businesses. ANGUS sold investments in two of these businesses, Executive  
5 Investment Group, L.L.C. ("Executive") and Keystone Investment Management Group, Inc.  
6 ("Keystone"). ANGUS failed to notify Princor of her sales position with Hanover. Hanover raised  
7 capital for Executive by promoting the sale of membership units in the limited liability company.  
8 Around December 1997, ANGUS was listed in Executive's promotional materials as a Manager of  
9 the company. Hanover provided funds to Keystone through a bridge loan to the company.

10           4.       From in or about October 1997 to May 1998, ANGUS offered for sale and sold  
11 membership units in Executive to approximately sixteen investors. All units were offered for sale  
12 and sold within or from Arizona. These investors invested approximately \$424,418 in Executive.

13           5.       The membership units ANGUS offered for sale and sold in Executive were not  
14 registered in Arizona. In addition, these membership units were not exempt nor were they the  
15 subject of a notice filing. Membership units in Executive were previously the subject of S-03265A-  
16 98-0000, Decision No. 61102, dated August 27, 1998, in which the Commission found that the  
17 units constituted securities which were not registered, not exempt from registration, and not  
18 securities for which a notice filing had been made.

19           6.       From in or about May 1998 to July 1998, ANGUS offered for sale and sold  
20 securities in Keystone to approximately two investors. All securities were offered for sale and sold  
21 within or from Arizona. These investors invested approximately \$100,000 in Keystone. One  
22 investor was subsequently refunded his \$50,000 investment.

23           7.       In May 1998, Keystone filed with the Commission a Form D, Notice of Sale of  
24 Securities pursuant to Regulation D. Keystone is still an ongoing company.

25           8.       Princor did not authorize ANGUS to conduct private securities transactions in  
26 Executive or in Keystone. The sale of membership units in Executive and securities in Keystone

1 were not recorded on the books of Princor, the dealer ANGUS was registered with at the time of  
2 the transactions.

3 **II.**

4 **CONCLUSIONS OF LAW**

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

7 2. ANGUS offered and sold securities within or from Arizona, within the meaning of  
8 A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

9 3. ANGUS violated A.R.S. § 44-1841 by offering and selling securities, in the form of  
10 membership units in Executive, that were not registered, not the subject of a notice filing under  
11 A.R.S. § 44-3321, and not exempt from registration.

12 4. ANGUS engaged in dishonest or unethical practices by effecting securities  
13 transactions in Executive and in Keystone which were not recorded on the records of the dealer  
14 with whom she was registered at the time of the transactions, pursuant to A.A.C. R14-4-  
15 130(A)(17).

16 5. ANGUS' conduct described above is grounds for revocation of her registration,  
17 pursuant to A.R.S. § 44-1962(A)(2) and (10).

18 6. ANGUS' conduct is grounds for a cease and desist order to be issued pursuant to  
19 A.R.S. § 44-2032.

20 7. ANGUS' conduct is grounds for penalties to be assessed under A.R.S. § 44-2036.

21 **III.**

22 **ORDER**

23 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and ANGUS'  
24 consent to the entry of this Order, the Commission finds that the following relief is appropriate, in  
25 the public interest, and necessary for the protection of investors:

26 ...

1           IT IS ORDERED, pursuant to A.R.S. § 44-2032, that ANGUS permanently cease and  
2 desist from violating the Securities Act.

3           IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that ANGUS' registration  
4 as a securities salesperson is revoked.

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1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that ANGUS shall pay an  
2 administrative penalty in the amount of \$12,500, payable to the State of Arizona. Payment shall be  
3 made as follows: \$1,500 on the date of this Order, \$325 per month on or before the 15th day of  
4 each month beginning on January 15, 2001. Any amount of penalty outstanding will accrue interest  
5 at the rate of 10% per annum from the date of this Order until paid in full. If ANGUS does not  
6 comply with this order for administrative penalties, any outstanding balance may be deemed in  
7 default and shall be immediately due and payable.

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

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

10  
11  
12 CHAIRMAN

COMMISSIONER

COMMISSIONER

13 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive  
14 Secretary of the Arizona Corporation Commission, have  
15 hereunto set my hand and caused the official seal of the  
16 Commission to be affixed at the Capitol, in the City of Phoenix,  
17 this \_\_\_\_ day of \_\_\_\_\_, 2000.

18  
19 \_\_\_\_\_  
20 BRIAN C. McNEIL  
21 Executive Secretary

22  
23 DISSENT

24  
25 ABB

26 This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator,  
voice telephone number 602/542-3931, E-mail shood@cc.state.az.us.

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1                   **CONSENT BY DEBORAH SUANN ANGUS TO ENTRY OF THE**  
2                   **COMMISSION'S ORDER AND WAIVER OF HEARING**

3           1.       DEBORAH SUANN ANGUS ("ANGUS"), an individual, admits the jurisdiction  
4 of the Commission over the subject matter of this proceeding. ANGUS acknowledges that she has  
5 been fully advised of her right to a hearing to present evidence and call witnesses and ANGUS  
6 knowingly and voluntarily waives 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. ANGUS acknowledges that this Order To Cease And Desist; Order Of  
9 Revocation; Order For Administrative Penalties And Consent To Same ("Order") constitutes a  
10 valid final order of the Commission.

11           2.       ANGUS knowingly and voluntarily waives any and all rights she may have under  
12 Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or  
13 extraordinary relief resulting from the entry of this Order.

14           3.       ANGUS acknowledges and agrees that this Order is entered into freely and  
15 voluntarily and that no promise was made or coercion used to induce her to enter into it.

16           4.       ANGUS acknowledges that she been represented by counsel in this matter, she has  
17 reviewed this Order with her attorney and understands all terms it contains.

18           5.       ANGUS neither admits nor denies the Findings of Fact and Conclusions of Law  
19 contained in this Order. ANGUS agrees that she shall not challenge their validity in any present  
20 or future administrative proceeding before the Commission or any other state agency concerning  
21 the denial or issuance of any license or registration required by the State in order to engage in  
22 the practice of any business or profession.

23           6.       ANGUS consents to the entry of this Order and agrees to be fully bound by its  
24 terms and conditions. ANGUS further acknowledges that should she fail to comply with the  
25 provisions of this Order, the Commission may enforce this Order in Superior Court, pursuant to  
26 A.R.S. § 44-2036(C). In addition, the Commission may impose additional sanctions and costs and

1 seek other appropriate relief subject to ANGUS' right to a hearing pursuant to the Securities Act.

2 7. ANGUS understands that default will render her liable to the Commission for its  
3 costs of collection and interest at the maximum legal rate pursuant to A.R.S. § 44-1201(A).

4 8. ANGUS acknowledges that this Order resolves only alleged administrative  
5 violations of the Securities Act and that nothing contained in this Order purports to resolve any  
6 other issues which may exist between ANGUS and the state of Arizona. Nothing in this Order  
7 shall be construed to restrict or preclude any other agency or officer of the State or its  
8 subdivisions from initiating other civil or criminal proceedings against ANGUS, now or in the  
9 future, that may be related to the matters addressed by this Order. Nothing in this Order shall be  
10 construed to restrict the State's right in a future proceeding to bring an action against ANGUS  
11 from or related to facts not set forth in this Order.

12 9. ANGUS acknowledges that this Order represents the complete and final  
13 resolution of, and discharge of any basis for any civil or administrative proceeding by the  
14 Commission against ANGUS for violations arising as a result of or in connection with any  
15 actions or omissions by ANGUS, pursuant to A.R.S. § 44-1841; provided, however, this release  
16 does not apply to facts not known by the Commission or staff or not otherwise provided by  
17 ANGUS as of the date of this Order; provided further that this release does not apply to  
18 violations arising from misrepresentations or omissions by ANGUS in connection with the offer  
19 or sale of securities, in violation of A.R.S. § 44-1991.

20 10. ANGUS acknowledges that she has been informed and understands that the  
21 Commission or its designee, at the Commission's sole and exclusive discretion, may refer this  
22 matter, or any information or evidence gathered in connection therewith or derived therefrom, to  
23 any person or entity having appropriate administrative, civil or criminal jurisdiction. In connection  
24 therewith, ANGUS acknowledges that no representations regarding the above have been made so  
25 as to induce her to enter into this Order, and no promise or representation has been made by the  
26 Commission or its designee or staff with regard to any potential criminal liability or immunity

1 from any potential criminal liability.

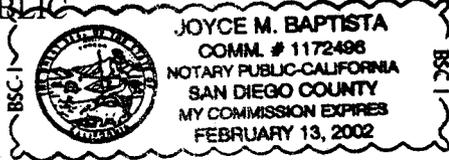
2 11. ANGUS agrees that, as a part of the settlement reached herein, she shall not apply  
3 for registration as a securities dealer or salesman or for licensure as an investment adviser or  
4 investment adviser representative, under the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*, or  
5 the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.*, until the latter in time of two  
6 years from the date of this Order or when the penalty with interest is paid in full. ANGUS  
7 acknowledges that the Commission retains discretion to enter an order, after a hearing or notice and  
8 an opportunity for a hearing, denying her application for registration as a securities dealer or  
9 salesman pursuant to A.R.S. § 44-1961 or § 44-1962, respectively, or denying her application for  
10 licensure as an investment adviser or investment adviser representative pursuant to A.R.S. § 44-  
11 3201.

12 12. ANGUS acknowledges that interest will accrue at the rate of 10% per annum on the  
13 outstanding balance of the penalty amount ordered to be paid.

14 13. ANGUS agrees that as part of the settlement reached herein, she will continue to  
15 cooperate with the Securities Division in connection with matters contained in this Order and  
16 other related matters, including but not limited to, providing complete and accurate testimony at  
17 any hearing as may be requested by the Securities Division.

18   
19 DEBORAH SUANN ANGUS

20  
21 SUBSCRIBED AND SWORN TO BEFORE me this 17 day of OCTOBER,  
22 2000.

23   
24 NOTARY PUBLIC  
25   
26 My Commission Expires:

25 My Commission Expires:  
26 FEBRUARY 13 2002

