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MARC SPITZER  
COMMISSIONER

2002 JUL -5 A 10: ARIZONA CORPORATION COMMISSION

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DOCKETED

JUL - 5 2002

MEMORANDUM

TO: Chairman William A. Mundell  
Commissioner Jim Irvin  
Commissioner Marc Spitzer

FROM: Mark Sendrow *MS*  
Director of Securities

DATE: July 3, 2002

RE: Proposed Default Order directed against Respondents Republic Cash Advance, Inc.,  
Quick Cash Advance, Inc., Curtis J. Billups, and Mark N. Ferguson; In the matter of  
Republic Cash Advance, Inc., et al. (Docket No. S-03467A-01-0000)

CC: Brian C. McNeil, Executive Secretary

DOCKETED BY *MS*  
OPEN MEETING ITEM  
7/18/02

Attached is a proposed Default Order to Cease and Desist and Order for Other Relief ("Order") directed against Republic Cash Advance, Inc. ("Republic"), Quick Cash Advance, Inc. ("Quick Cash"), Curtis J. Billups ("Billups"), and Mark N. Ferguson ("Ferguson"), collectively "Respondents," in the matter of Republic Cash Advance, Inc., et al. The Order requires Respondents to cease and desist from further violations of the Securities Act of Arizona, to jointly and severally pay restitution in the amount of \$6,248,492, and to jointly and severally pay administrative penalties in the amount of \$100,000.

In late 1998, Billups established the Nevada company Republic in central Phoenix and began soliciting prospective investors across the country for investments in a Florida check-cashing venture. Under the project name "Republic Cash Advance of Tampa, L.L.C.," Billups and his telemarketers enticed prospective investors to invest a minimum of \$20,000 in this check-cashing store project. In connection with this offering, Billups provided investors with a "private placement memorandum" that contained both misrepresentations and omissions about the investment. These included claims that 1) the offering was exempt from registration as a private placement, when in fact the offering was national public placement offering requiring registration; 2) that only a fraction of investor funds would be used for sales commissions, when in fact sales commissions for this offering sometimes reached well above 35% for each sale; and 3) that the investment funds would be largely utilized to establish and operate a chain of check-cashing stores, when in fact a large percentage of funds were expended on salaries, commissions, travel and other non-operational expenses.

Shortly following this offering, Billups and Republic began a second offering, this time for a company by the name of Republic Cash Advance of Orlando, L.L.C. This company had almost an

identical marketing approach and business plan – this time to establish check-cashing stores in the greater Orlando area. As before, these offering documents sent to prospective investors contained similar material misstatements and omissions about the investment “opportunity.” Following the Orlando offering, Republic received a series of cease and desist orders from various state regulatory agencies for registration and fraud violations in connection with the company’s sale of securities, including orders from Illinois, Pennsylvania and South Dakota.

Despite these sanctions, Republic and its progeny, Quick Cash, continued to promote one project after the other for the next two years. In doing so, Billups maintained a steady inflow of investment funds. By August 2001, Billups and his salesmen had offered and sold 6 additional investment programs, including a Quick Cash of Fort Lauderdale and a Quick Cash of Miami investment in 2000, two Republic accounts receivable or “factoring” investments in 2001, and a separate Quick Cash factoring program in 2001. (As an aside, the three factoring programs raised investment funds through the sale of promissory notes rather than membership units). Monies from these offerings were routinely wired into one of several Mesa, Arizona, bank accounts, where the investment funds were quickly dissipated.

Republic and Quick Cash’s offerings became more materially misleading with each program. With the Quick Cash of Fort Lauderdale offering, the private placement memoranda began predicting a return to investors of up to 25 times the investors’ initial investments. By the time the Quick Cash factoring program was being offered in 2001, an investment program that Ferguson oversaw as “project manager,” out-of-state telemarketing firms were receiving upwards of a 45% sales commission from Quick Cash for each investment obtained. Investors were never told of these commissions.

In total, Respondents collectively raised a minimum of \$6,248,492 in investment funds from these eight separate investment schemes. In spite of these large amounts of investment funds, none of the programs ever became viable. A few check-cashing stores were in fact opened in various parts of Florida, but the FBI has confirmed that most if not all of these operations lost money from their outset. Many of the stores had been placed in run down areas that served as little more than marketing tools. Finally, in December 2001, Billups wrote a letter to investors in his various investment programs, including those both in the factoring programs and Florida check-cashing projects. In this correspondence, Billups alleged that due to the terrorist attacks in New York on September 11, the investment projects had all collapsed. To date, no known investor receiving this notification has recouped any investment principal from Respondents.

The proposed Default Order finds that Respondents have offered and sold unregistered securities, offered and sold securities without the requisite registration, and made multiple material misrepresentations to investors including the claim that the various investment programs were exempt from registration, that the available returns on these investment programs would be outstanding, and that the investment proceeds from the Respondents’ offerings would be largely utilized for operational expenses. Additionally, the proposed Default Order finds that Respondents made material omissions in connection with the offer and sale of securities by failing to disclose to investors that the companies had been repeatedly sanctioned by various state agencies for securities violations, and that the bulk of investor funds were, in fact, being expended for sales commissions, salaries, and other personal expenditures.

The proposed Default Order requires Respondents to cease and desist from any further violations of the Securities Act, to reimburse investors by jointly and severally paying restitution in the amount of \$6,248,492 (with Ferguson's liability limited to \$1,050,000), and to jointly and severally pay administrative penalties in the amount of \$100,000 for multiple violations of the Securities Act of Arizona.

The Division recommends the proposed Default Order on the grounds that it requires Respondents to reimburse investors for all known investor funds that Respondents have raised during their involvement with the above-referenced investment programs, and it additionally assesses administrative penalties to deter such future conduct.

Originator: Jamie Palfai

AG Assigned: Moira McCarthy

JUL 05 2002

BEFORE THE ARIZONA CORPORATION COMMISSION

1  
2 WILLIAM A. MUNDELL  
Chairman  
3 JIM IRVIN  
Commissioner  
4 MARC SPITZER  
Commissioner  
5

DOCKETED BY CAM

OPEN MEETING ITEM

7/18/02

6 **In the matter of:**

Docket No. S-03467A-01-0000

7 **REPUBLIC CASH ADVANCE, INC.**  
1616 East Main Street, Suite 226  
8 Mesa, Arizona 85203

Decision No. \_\_\_\_\_

9 **QUICK CASH ADVANCE, INC.**  
1616 East Main Street, Suite 226  
10 Mesa, Arizona 85203

**ORDER TO CEASE AND DESIST  
AND ORDER FOR OTHER RELIEF  
AS AGAINST RESPONDENTS  
REPUBLIC CASH ADVANCE, INC.,  
QUICK CASH ADVANCE, INC.,  
CURTIS J. BILLUPS AND MARK N.  
FERGUSON**

11 **CURTIS J. BILLUPS**  
51089 West Papago Road  
12 Maricopa, Arizona 85239

13 **MARK N. FERGUSON**  
14 15433 North 45<sup>th</sup> Street  
15 Phoenix, Arizona 85032

16 Respondents.

17 **I.**

18 **INTRODUCTION**

19 On August 20, 2001, the Securities Division ("Division") of the Arizona Corporation  
20 Commission ("Commission") filed a Temporary Order to Cease and Desist and Notice of  
21 Opportunity for Hearing ("TC&D") against REPUBLIC CASH ADVANCE, INC., QUICK CASH  
22 ADVANCE, INC., CURTIS J. BILLUPS and MARK N. FERGUSON. On this same date, the  
23 TC&D was personally served on REPUBLIC CASH ADVANCE, QUICK CASH ADVANCE and  
24 FERGUSON. Shortly thereafter, on August 28, 2001, the Division effected service on BILLUPS,  
25 the remaining Respondent in this matter, through the acceptance of service by BILLUPS' Florida  
26 attorney, Richard P. Green.

1 The TC&D afforded the Respondents the opportunity to request a hearing with the  
2 Commission within 20 days from each of these Respondents' respective dates of service. To date,  
3 none of the Respondents have requested a hearing or have otherwise made any formal appearance in  
4 this case. As such, Respondents REPUBLIC CASH ADVANCE, QUICK CASH ADVANCE,  
5 BILLUPS and FERGUSON have chosen not to contest the Division's allegations in this matter.

## 6 II.

### 7 FINDINGS OF FACT

8 1. REPUBLIC CASH ADVANCE, INC. ("REPUBLIC"), whose last known address  
9 was 1616 East Main Street, Suite 226, Mesa, Arizona, was a Nevada corporation involved in the  
10 solicitation of investment capital for various Florida check cashing stores and other "accounts  
11 receivable" operations.

12 2. QUICK CASH ADVANCE, INC. ("QUICK CASH"), whose last known address  
13 was 1616 East Main Street, Suite 226, Mesa, Arizona, was a Florida corporation closely affiliated  
14 with REPUBLIC, and was also involved in the generation of investment capital to finance various  
15 Florida check cashing stores and at least one accounts receivable program.

16 3. CURTIS J. BILLUPS ("BILLUPS"), whose last known address was 51089 West  
17 Papago Road, Maricopa, Arizona, was the president, CEO and principal shareholder of both  
18 REPUBLIC and QUICK CASH.

19 4. MARK N. FERGUSON ("FERGUSON"), whose last known address was 15433  
20 North 45<sup>th</sup> Street, Phoenix, Arizona, was the project manager of the telemarketing office at the  
21 previous REPUBLIC/QUICK CASH headquarters in Tempe, Arizona, and in that capacity oversaw  
22 the solicitation activities at those offices.

23 5. REPUBLIC, QUICK CASH, BILLUPS, and FERGUSON may be collectively  
24 referred to as "RESPONDENTS."

25 6. RESPONDENTS have been engaging in the offer and sale of investment products  
26 within or from Arizona since at least the fall of 1998. During this period, RESPONDENTS have

1 been involved in a series of securities offerings, each of these ostensibly designed to finance either  
2 the development of a Florida check-cashing enterprise or to fund the creation of an accounts  
3 receivable or "factoring" program.

4 7. During the period from late 1998 through November, 2001, RESPONDENTS raised  
5 a minimum of \$6,248,492 in investment funds from at least 420 separate investors throughout the  
6 United States. The bulk of this money was expended on sales commissions, salaries, promotional  
7 costs and personal items; only a fraction of these funds was used for business purposes as set forth in  
8 the various private placement materials provided to investors.

9 8. Each of the offerings alluded to above originated out of greater Phoenix locations;  
10 the investment literature for these programs was distributed out of RESPONDENTS' Phoenix (and  
11 later Tempe) main offices, and the investment funds for the various programs were routinely  
12 remitted back to bank accounts located in nearby Mesa, Arizona. These accounts were uniformly  
13 held in the names of BILLUPS, REPUBLIC and/or QUICK CASH; BILLUPS was the signatory on  
14 most if not all of these accounts.

15 9. In total, RESPONDENTS solicited investment funds for at least eight distinct  
16 programs. These investment projects included a check-cashing venture with Republic Cash  
17 Advance of Tampa, L.L.C. in 1998, a check-cashing venture with Republic Cash Advance of  
18 Orlando, L.L.C. in 1999, check-cashing ventures with Quick Cash Advance of Fort Lauderdale,  
19 L.L.C. and Quick Cash Advance of Miami, L.L.C. in 2000, and a check-cashing venture with Quick  
20 Cash Advance of Dade County, L.L.C. in 2001. Beyond these check-cashing programs,  
21 RESPONDENTS also launched two REPUBLIC factoring programs and one QUICK CASH  
22 factoring program during 2001.

23 10. RESPONDENTS' sales tactics were similar in each of the various investment  
24 programs. In the Republic Cash Advance of Tampa, L.L.C. private offering, for instance,  
25 REPUBLIC sales representatives "cold-called" prospective investors across the country to offer  
26 these individuals an opportunity to invest in REPUBLIC'S check-cashing operations in the greater

1 Tampa area.

2 11. After receiving the unsolicited calls, many of the prospective investors subsequently  
3 received a private placement memorandum from REPUBLIC, listing BILLUPS as the president,  
4 treasurer and director of the company. These investors, many of whom were unaccredited  
5 individuals, had insufficient knowledge of financial matters to adequately evaluate the terms of the  
6 offering.

7 12. The offering materials claimed that REPUBLIC was planning to establish a franchise  
8 of check-cashing stores in the Tampa metro area, and that prospective investors could participate in  
9 the project by purchasing a minimum of two membership units at a cost of \$10,000 per unit.

10 13. According to these same materials, REPUBLIC'S securities offering was exempt  
11 from federal registration pursuant to a federal 504 filing, notwithstanding the fact no such 504 filing  
12 was ever made. Concurrently, the offering materials failed to disclose that REPUBLIC'S securities  
13 offering was neither registered nor exempt from registration in the state of Arizona.

14 14. The investment literature also claimed that the investment funds would be primarily  
15 used for working capital for the check-cashing stores, when in fact a large segment of the investment  
16 funds were ultimately diverted for non-business related purposes.

17 15. On account of the Tampa L.L.C. offering, the Illinois Securities Department issued  
18 an Order of Prohibition in 2000, directing Republic Cash Advance of Tampa, L.L.C., REPUBLIC,  
19 BILLUPS, and any affiliates or other employees, to cease and desist from their unauthorized selling  
20 activities within the state of Illinois.

21 16. The misrepresentations and omissions outlined above were largely mirrored in  
22 REPUBLIC'S next project, the Republic Cash Advance of Orlando L.L.C. offering in 1999. In this  
23 program, telemarketers once again offered and sold prospective investors membership interests in a  
24 REPUBLIC limited liability company purportedly designed to establish a series of check-cashing  
25 stores in the greater Orlando area.

26 ...

1           17.    On account of this and the prior Tampa L.L.C. offering, several additional state  
2 agencies, including Pennsylvania and South Dakota, issued Cease and Desist Orders against  
3 REPUBLIC, BILLUPS, and several of his affiliates in connection with the fraudulent and/or  
4 unauthorized sale of unregistered securities.

5           18.    Notwithstanding these Orders, QUICK CASH sales representatives were soon  
6 making additional cold calls in 2000 to sell new membership interests in the company Quick Cash  
7 Advance of Fort Lauderdale, L.L.C., an enterprise purportedly set up to manage several Fort  
8 Lauderdale, Florida check-cashing facilities.

9           19.    According to the private placement memorandum associated with this offering,  
10 BILLUPS was again the president, director and treasurer of QUICK CASH. QUICK CASH was  
11 also designated as the managing member of the Quick Cash of Fort Lauderdale check-cashing  
12 operation.

13           20.    As with the prior REPUBLIC offerings, the promotion of the Quick Cash of Fort  
14 Lauderdale program included a number of misrepresentations, including the claim that the  
15 investment funds would primarily be used for working capital purposes set forth in the offering  
16 memorandum, and that the securities had an applicable exemption from registration on the federal  
17 and state level. In actuality, large amounts of investment funds were being used to pay exorbitant  
18 sales commissions to participating telemarketing firms, and neither the Quick Cash of Fort  
19 Lauderdale salesmen nor the securities themselves were registered in Arizona.

20           21.    Promotional materials for this securities offering also claimed that investors in this  
21 check cashing company could expect to generate a return of up to 25 times the original investment  
22 when the securities "went public." In fact, the Quick Cash of Fort Lauderdale securities offering  
23 had no basis upon which to predict a 25 to 1 return to principal, particularly where the project had  
24 failed to generate any demonstrable profits.

25 ...

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1           22.     The Quick Cash of Fort Lauderdale offering memoranda also failed to disclose that  
2 BILLUPS and REPUBLIC, the owner and predecessor to QUICK CASH, respectively, had recently  
3 been the targets of a number of Cease and Desist orders from several state securities agencies.

4           23.     RESPONDENTS continued to offer and sell securities in different but related  
5 programs just months later. These offerings included investments in Quick Cash Advance of  
6 Miami, L.L.C. and Quick Cash of Dade County, L.L.C., each again based out of Arizona. Both of  
7 these offering contained the same misrepresentations and omissions as the earlier L.L.C. offerings,  
8 with the similar added omission relating to the outstanding regulatory sanctions.

9           24.     By 2001, RESPONDENTS were still selling investments to support the alleged  
10 Florida check-cashing operations. In February of 2001, REPUBLIC sales representatives began a  
11 telemarketing campaign for the purpose of offering prospective investors the opportunity to invest in  
12 a REPUBLIC promissory note issuance. According to the investment literature associated with  
13 this note offering, the investment monies raised were purportedly designated for two purposes: to  
14 support the ongoing operations of various Florida check-cashing stores and to finance the  
15 development of a "factoring" program - a program whereby REPUBLIC would purchase discounted  
16 accounts receivable from established businesses and resell them at a profit.

17           25.     As represented by the sales agents in this REPUBLIC note program, the private  
18 placement of these notes would produce a return to the investor of 5% in 90 days (or approximately  
19 22.2% per annum), at which time the investors could purportedly recover their principal or choose to  
20 rollover their investments for another investment term.

21           26.     Most of the promissory note investment proceeds were in fact diverted for  
22 undisclosed expenditures including sales commissions, salaries, marketing costs and personal  
23 items. In fact, REPUBLIC'S payment of sales commissions for the solicitation of these  
24 investments reached upwards of 35 to 50 percent of the total amount of investment monies  
25 generated - despite promotional claims that there would be no sales commissions associated with  
26 this offering.

1           27.    The investment literature for this promissory note program again claimed that these  
2 securities were exempt from registration on the state level and exempt on the federal level pursuant  
3 to Rule 504 of Regulation D and/or Section 4(2) of the Securities Act of 1933, when in fact this  
4 offering was ineligible for any such exemption.

5           28.    By May 2001, RESPONDENTS were selling yet another related investment  
6 "opportunity." This time, a number of out-of state and Tempe salesmen, including FERGUSON,  
7 began a telemarketing campaign for the purpose of offering prospective investors the chance to  
8 invest in a QUICK CASH promissory note offering. According to the prospectus associated with  
9 this alleged private placement, the investment monies raised from this note offering were being  
10 solicited to finance the development of a QUICK CASH factoring program, another operation  
11 whereby QUICK CASH planned to purchase discounted accounts receivable from established  
12 businesses for subsequent resale.

13           29.    As represented by the sales agents in this QUICK CASH note program, the alleged  
14 private placement of these notes would produce a return to the investor of 20% in 9 months (or an  
15 interest rate of approximately 26.67% per annum), at which time the investors could purportedly  
16 recover their principal or choose to rollover their investments for an additional term.

17           30.    Most of the investment proceeds solicited through the QUICK CASH note  
18 offering were again diverted for undisclosed expenditures including sales commissions, salaries,  
19 marketing costs and personal items. QUICK CASH'S payment of sales commissions for the  
20 solicitation of these promissory note investments ranged anywhere from 7 to 50 percent of the  
21 total amount of investment monies generated. FERGUSON encouraged his Tempe sales staff  
22 that they could make upwards of \$10,000 to \$14,000 per week in sales commissions for their  
23 sales efforts.

24           31.    BILLUPS was again listed as the acting president and CEO of QUICK CASH'S note  
25 program, and FERGUSON was designated as the Tempe project manager for this offering. As part  
26 ...

1 of his managerial functions, FERGUSON trained telemarketers and assisted less seasoned salesmen  
2 in "closing" sales to tentative investors.

3 32. The promissory notes that made up this offering were not registered with the  
4 Division, and no notice filings were made with the Division in connection with this security.  
5 Similarly, neither FERGUSON and the other salesmen who solicited this offering, nor QUICK  
6 CASH, the issuer-dealer of this security, was registered as salesmen or a dealer in the state of  
7 Arizona.

8 33. By the fall of 2001, RESPONDENTS were still selling yet another investment to the  
9 general public. In August of 2001, REPUBLIC sales representatives began a telemarketing  
10 campaign for the purpose of offering prospective investors the opportunity to invest in a second  
11 REPUBLIC promissory note issuance. According to the investment literature associated with this  
12 offering, the investment monies raised from this note sale would finance yet another REPUBLIC  
13 "factoring" program.

14 34. As represented by the sales agents in this second REPUBLIC factoring program, the  
15 alleged private placement of these notes would produce a return to the investor of 20% per annum  
16 and have a maturity term of 90 days, after which the investors could recover their principal or once  
17 again elect to rollover their investments.

18 35. Most of the promissory note investment proceeds were in fact diverted for  
19 undisclosed expenditures including sales commissions, salaries, marketing costs and personal  
20 items. As before, even though the investment literature specifically stated that there would be no  
21 sales commissions associated with this note offering, REPUBLIC'S payment of sales  
22 commissions for the solicitation of these investments ranged anywhere from 35 to 50 percent of  
23 the total amount of investment monies generated.

24 36. The offering materials for REPUBLIC'S second promissory note "private  
25 placement" again originated out of the business offices of REPUBLIC and QUICK CASH in  
26 Tempe, Arizona, although the general solicitations associated with these note sales took place as

1 far away as Florida. Notwithstanding the multi-state telemarketing network, the investment  
2 funds for this program were subsequently mailed back to Tempe or wired directly into  
3 REPUBLIC bank accounts in Mesa, Arizona.

4 37. As with all the previous offerings, the promissory notes that made up this offering  
5 were not registered with the Division, and no notice filings were made with the Division in  
6 connection with this security. Similarly, neither the salesmen who solicited this offering, nor  
7 REPUBLIC, the issuer-dealer of this security, were registered as salesmen or dealers in the state of  
8 Arizona.

9 38. As before, the investment literature for this promissory note program once again  
10 failed to disclose that both REPUBLIC and BILLUPS had previously received multiple cease and  
11 desist orders for securities violations from other jurisdictions.

12 39. On December 21, 2001, BILLUPS sent a letter to the many investors in the various  
13 QUICK CASH and REPUBLIC investment programs, including those in the Tampa, Orlando, Fort  
14 Lauderdale, Miami, and Dade County L.L.C.s, as well as those in the various promissory note  
15 factoring programs. This letter claimed that the companies were closing down as a result of the  
16 adverse business affects caused by the September 11, 2001 terrorist attacks, and that the investors  
17 would no longer be receiving interest payments on their investments. Also evident from this letter  
18 was the fact that the investors would no longer have recourse to recover their principal investments.

19 40. An attorney for BILLUPS subsequently sent a letter to former investors in April,  
20 2002, claiming that the companies would be liquidating their assets, and that the investors might  
21 recover a portion of their investments upon the completion of this liquidation. The attorney  
22 intimated that any complaints or inquiries about the companies' operations and/or liquidation  
23 process would jeopardize the process as well as any possible recovery by the investors. As of June  
24 2002, the Division is unaware of any implicated investors that have received monies from this  
25 purported liquidation.

26 ...

**Summary of Respondents' Securities Offerings**

41. During their period of operation, RESPONDENTS raised and/or deposited into personal and company bank accounts a minimum of \$6,248,492 in investment funds in connection with the sale of securities arising out of at least eight distinct investment programs. The revenues from the sale of these various limited partnership and/or promissory note investments made by RESPONDENTS from their metro Phoenix headquarters can be isolated more specifically as follows:

	<u>Program</u>	<u>Minimum Investment Amount Raised</u>
a)	RCA of Tampa, L.L.C.	\$ 510,000
b)	RCA of Orlando, L.L.C.	\$1,080,000
c)	QCA of Fort Lauderdale, L.L.C.	\$1,055,000
d)	QCA of Miami, L.L.C.	\$ 960,000
e)	RCA, Inc. Factoring Notes I & II	\$1,313,500
f)	QCA, Inc. Factoring Notes	\$1,095,000
g)	QCA of Dade County, L.L.C.	<u>\$ 234,992</u>
	<b>TOTAL:</b>	<b>\$6,248,492</b>

42. To date, none of the above investment programs offered and sold by RESPONDENTS have fulfilled the promised returns to investors.

43. None of the securities referenced above were duly registered under A.R.S. §§ 44-1871 through 44-1875, or 44-1891 through 44-1902; none of the above were exempt under A.R.S. §§ 44-1843 or 44-1843.01; none of the above were offered or sold as exempt transactions under A.R.S. § 44-1844; and none of the above were exempt under any rule or order promulgated by the Commission.

...

1           44.    In connection with the offers to sell and the sale of securities, RESPONDENTS  
2 acted as dealers and/or salesmen within and from Arizona, although not registered pursuant to the  
3 provisions of Article 9 of the Securities Act of Arizona.

4           45.    In connection with the offers and sales of securities within and from Arizona,  
5 RESPONDENTS directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii)  
6 made untrue statements of material fact or omitted to state material facts which were necessary in  
7 order to make the statements made not misleading in light of the circumstances under which they  
8 were made; and (iii) engaged in transactions, practices or courses of business which operated or  
9 would operate as a fraud or deceit upon offerees and investors. RESPONDENTS' conduct includes,  
10 but is not limited to, the following actions:

- 11           a)    RESPONDENTS misrepresented to investors that the securities being offered were  
12                exempt from state and federal securities registration provisions, when in fact the  
13                securities were not eligible for such exemptions.
- 14           b)    RESPONDENTS failed to disclose to investors that RESPONDENTS were not duly  
15                registered as either salesmen or dealers within the state of Arizona.
- 16           c)    RESPONDENTS misrepresented to investors that their investment proceeds were to  
17                be used primarily as operating capital for check-cashing stores and/or for the  
18                purchase of discounted accounts receivable, when in fact the bulk of the investment  
19                monies were expended on sales commissions, salaries, marketing expenses and other  
20                personal expenditures.
- 21           d)    RESPONDENTS misrepresented to investors that their investments would be worth  
22                up to 25 times their initial investment amounts once the RESPONDENTS' programs  
23                "went public," when in fact RESPONDENTS had no financial or other cognizable  
24                basis upon which to make such an assertion.

25 ...  
26 ...

1 e) RESPONDENTS failed to disclose to investors that approximately 35 to 50 percent  
2 of the solicited investment funds were commonly used for sales commissions and  
3 sales overrides.

4 f) RESPONDENTS failed to disclose to investors that both REPUBLIC and QUICK  
5 CASH, as well as their president, BILLUPS, had previously received cease and  
6 desist orders from a number of other state regulatory agencies.

7 **III.**

8 **CONCLUSIONS OF LAW**

9 1. The Arizona Corporation Commission has jurisdiction over this matter pursuant to  
10 Article XV of the Arizona Constitution and pursuant to the Securities Act of Arizona, A.R.S. § 44-  
11 1801, *et seq.* (the "Securities Act").

12 2. REPUBLIC, QUICK CASH, BILLUPS and FERGUSON offered and sold securities  
13 within or from Arizona within the definitions of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-  
14 1801(26).

15 3. REPUBLIC, QUICK CASH, BILLUPS and FERGUSON violated A.R.S. § 44-1841  
16 by offering or selling securities that were neither registered nor exempt from registration.

17 4. REPUBLIC, QUICK CASH, BILLUPS and FERGUSON violated A.R.S. § 44-1842  
18 by offering or selling securities while neither registered as dealers or salesmen nor exempt from such  
19 registration.

20 5. REPUBLIC, QUICK CASH, BILLUPS and FERGUSON violated A.R.S. § 44-1991  
21 by (a) employing a device, scheme or artifice to defraud; (b) making untrue statements or misleading  
22 omissions of material facts; and (c) engaging in transactions, practices or courses of business which  
23 operate or would operate as a fraud or deceit.

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**IV.**  
**ORDER**

THEREFORE, on the basis of the Commission's Findings of Fact and Conclusions of Law, the following Order is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. §§ 44-2032, 44-1972 and A.A.C. R14-4-307, that the RESPONDENTS and their agents, servants, employees, successors, assigns, and those persons in active concert or participation with them CEASE AND DESIST from the following activities:

- 1) The offer and/or sale of any securities described herein within or from the state of Arizona;
- 2) The offer and/or sale of any other form of security within or from the state of Arizona, unless such securities are registered with the Commission pursuant to Articles 6 and 7 of the Securities Act of Arizona or are otherwise duly exempt from registration;
- 3) The offer or sale of any securities within or from the state of Arizona unless the requisite registration as dealers and/or salesmen is first obtained under Article 9 of the Securities Act of Arizona, or unless an exemption from registration is applicable;
- 4) The offer and/or sale of any securities within or from the state of Arizona through a material misrepresentation or omission, and/or through a course of conduct that would operate as a fraud or deceit on investors; and
- 5) Any other activity constituting a violation of the Securities Act of Arizona.

1 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2032, Respondents REPUBLIC,  
2 QUICK CASH and BILLUPS shall jointly and severally pay restitution to investors in the amount  
3 of \$5,153,492,<sup>1</sup> such restitution made payable to the state of Arizona. This restitution amount is due  
4 and payable immediately upon the effective date of this Order, and shall be distributed on a pro rata  
5 basis to known investors that have incurred losses from RESPONDENTS' various investment  
6 programs cited herein.

7 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2032, Respondents REPUBLIC,  
8 QUICK CASH, BILLUPS and FERGUSON shall jointly and severally pay further restitution to  
9 investors in the amount of \$1,095,000,<sup>2</sup> such additional restitution again made payable to the state of  
10 Arizona. This restitution amount is also due and payable immediately upon the effective date of  
11 this Order, and shall be distributed on a pro rata basis to known investors that have incurred losses  
12 from RESPONDENTS' various investment programs cited herein.

13 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2036, RESPONDENTS shall  
14 jointly and severally pay an administrative penalty in the amount of \$100,000, payable to the "State  
15 Treasurer," immediately upon the effective date of this Order for deposit into the general fund of the  
16 state of Arizona. This administrative penalty shall be considered a subordinate debt obligation to the  
17 restitution obligations outlined above.

18 IT IS FURTHER ORDERED that the restitution and administrative penalties prescribed  
19 above shall accrue interest at the maximum legal rate from the effective date of this Order until  
20 paid in full.

21 ...

22 ...

23 \_\_\_\_\_  
24 <sup>1</sup> This restitution figure represents the total amount of investor funds solicited through investment  
programs a), b), c), d), e) and g) as identified in paragraph No. 41 above.

25 <sup>2</sup> This restitution figure represents the total amount of investor funds solicited through investment  
26 program f) as identified in paragraph No. 41 above.

1 IT IS FURTHER ORDERED that this Order shall become effective immediately upon the  
2 date set forth below.

3  
4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

5  
6  
7 **CHAIRMAN**

**COMMISSIONER**

**COMMISSIONER**

8  
9  
10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
11 Executive Secretary of the Arizona Corporation  
12 Commission, have hereunto set my hand and caused the  
13 official seal of the Commission to be affixed at the  
14 Capitol, in the City of Phoenix, this \_\_\_\_ day of  
\_\_\_\_\_, 2002.

15 \_\_\_\_\_  
16 BRIAN C. McNEIL  
17 Executive Secretary

18 \_\_\_\_\_  
19 DISSENT

20  
21 (JP)

22  
23 This document is available in alternative formats by contacting Shelly M. Hood, Executive  
24 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail address:  
25 shood@cc.state.az.us