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ORIGINAL

WILLIAM A. MUNDELL  
CHAIRMAN

JIM IRVIN  
COMMISSIONER

MARC SPITZER  
COMMISSIONER



0000116855

ARIZONA CORPORATION COMMISSION

OPEN MEETING ITEM

8/29/02

MEMORANDUM

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

Arizona Corporation Commission

DOCKETED

FROM: Mark Sendrow *MS*  
Director of Securities

AUG 15 2002

DATE: August 14, 2002

DOCKETED BY *MS*

RE: Charles E. Conatser, et al., S-03473A-02-0000

CC: Brian C. McNeil, Executive Secretary

RECEIVED  
2002 AUG 15 A 10:36  
AZ CORP COMMISSION  
DOCUMENT CONTROL

Accompanying this memorandum is a proposed Order of Revocation, Order for Administrative Penalties, and Consent to Same ("Consent Order"), regarding Charles E. Conatser and Estate Conservation Strategies, Inc ("Estate").

Mr. Conatser has been registered as a securities salesman in Arizona for approximately 15 years. He is president and owner of Estate, an Arizona corporation.

During the period relevant to the Consent Order, Mr. Conatser was associated with H.D. Vest Investment Securities, Inc. for about five years, SunAmerica Securities, Inc. for about two years, and is currently registered with Legacy Financial Services, Inc., for almost three years.

In around July 1997, Mr. Conatser and Estate borrowed \$20,000 from a former client, who is now deceased. Borrowing money from a client is a prohibited practice for securities salesmen, and is considered dishonest and unethical conduct under the Securities Act. Mr. Conatser and Estate made payments to the client, pursuant to a promissory note, until her death in June 1999. Subsequently, the client's Estate brought suit against Mr. Conatser for the remaining \$6,300 balance on the note. The obligation was paid and the suit was settled.

In a previous matter, on May 3, 1995, the Commission denied Mr. Conatser's application for licensing as an investment advisor, after a hearing, based upon Mr. Conatser's failure to disclose a bankruptcy.

1200 WEST WASHINGTON, PHOENIX, ARIZONA 85007 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701

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The proposed Consent Order would revoke Mr. Conatser's securities salesman registration and order Mr. Conatser and Estate to pay \$5,000 in penalties. In addition, both respondents agree not to 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.

The Division believes that the proposed Consent Order protects the interests of investors and serves the best interests of the people of Arizona. The Division requests that the Commission approve the proposed Consent Order.

Originator: Pam Johnson

AG: Moira McCarthy

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

8 In the matter of:

9 CHARLES E. CONATSER  
10 (CRD # 1346076)  
11 14076 N. Willow Bend Drive  
12 Tucson, AZ 85737

13 ESTATE CONSERVATION STRATEGIES,  
14 INC.  
15 2120 West Ina Road, Suite 102  
16 Tucson, AZ 85741,

17 Respondents.

) DOCKET NO. S-03473A-02-0000

) DECISION NO. \_\_\_\_\_

) **ORDER OF REVOCATION, ORDER FOR**  
) **ADMINISTRATIVE PENALTIES, AND**  
) **CONSENT TO SAME BY: CHARLES E.**  
) **CONATSER and ESTATE CONSERVATION**  
) **STRATEGIES, INC.**

18 CHARLES E. CONATSER ("CONATSER") and ESTATE CONSERVATION  
19 STRATEGIES, INC. ("ESTATE") (collectively "RESPONDENTS") elect to permanently waive  
20 their right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona,  
21 A.R.S. § 44-1801, *et seq.* ("Securities Act") with respect to this Order of Revocation, Order for  
22 Administrative Penalties, and Consent to Same ("Order"). RESPONDENTS admit the jurisdiction  
23 of the Arizona Corporation Commission ("Commission"); admit the Findings of Fact and  
24 Conclusions of Law contained in this Order; and consent to the entry of this Order by the  
25 Commission.

26 **I.**

**FINDINGS OF FACT**

1. CHARLES E. CONATSER ("CONATSER") is an individual, whose last known  
address is 14076 N. Willow Bend Drive, Tucson, Arizona 85737.

1           2. ESTATE CONSERVATION STRATEGIES, INC. ("ESTATE") is an Arizona  
2 corporation, whose last known address is 2120 West Ina Road, Suite 102, Tucson, Arizona,  
3 85741.

4           3. CONATSER and ESTATE may be referred to collectively as "RESPONDENTS."

5           4. CONATSER became a registered securities salesman in Arizona in April 1987. He was  
6 registered in association with: Caprock Securities, Inc. (September 22, 1987 to November 19,  
7 1991), H.D. Vest Investment Securities, Inc. (H.D. Vest") (November 25, 1991 to June 13, 1996),  
8 SunAmerica Securities, Inc. ("SunAmerica") (June 13, 1996 to October 6, 1998). CONATSER is  
9 currently associated with Legacy Financial Services, Inc. ("Legacy"), from on or about December  
10 17, 1998 to the present.

11           5. On November 17, 1994, while CONATSER was associated with H.D. Vest, doing  
12 business as Capital Financial Consultants, Ltd., he filed an application with the Arizona Corporation  
13 Commission under the Investment Management Act, A.R.S. §§ 44-3101 et seq., for licensure as an  
14 investment advisor. The Commission issued a final Order on May 3, 1995, Decision No. 59073,  
15 denying the applications of Capital Financial Consultants, Ltd. and CONATSER for licensure as an  
16 Investment Adviser and Investment Adviser Representative, respectively, based upon findings that  
17 they filed applications that were incomplete, inaccurate or misleading pursuant to A.R.S. § 44-  
18 3201(A)(1), for CONATSER's failure to disclose a previous bankruptcy filing.

19           6. In or before 1997, while CONATSER was associated with H.D. Vest or SunAmerica,  
20 he borrowed money from Ms. Francis Foster, an elderly single woman who was his customer.

21           7. Ms. Foster gave CONATSER a personal check for \$20,000.

22           8. RESPONDENTS issued Ms. Foster a promissory note dated July 30, 1997, reflecting  
23 their obligation to pay her \$20,000, plus interest.

24           9. At the time of Ms. Foster's death on June 25, 1999, RESPONDENTS still owed  
25 approximately \$6300, which was then past due. RESPONDENTS have repaid the balance of the  
26 \$20,000 owed to Ms. Foster.

1 10. Ms. Foster was not a relative of CONATSER.

2 11. Ms. Foster was not a person in the business of lending funds.

3 12. Ms. Foster was a customer of CONATSER and his dealers at the time that CONATSER  
4 borrowed money from her.

5 13. The note CONATSER drafted and issued to Ms. Foster stated that it was "secured by a  
6 right to all office furniture and equipment at the offices of Estate Conservation Strategies." The  
7 Note further stated that "the Promisor shall be in default if there is a sale, transfer, assignment, or  
8 any other disposition of any assets pledged as security for the payment of this Note, or if there is a  
9 default in any security agreement which secures this Note." Neither Ms. Foster nor  
10 RESPONDENTS perfected any security interest in property to secure this Note.

11 **II.**

12 **CONCLUSIONS OF LAW**

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

15 2. CONATSER's conduct subjects him to an order of revocation pursuant to A.R.S. §  
16 A.R.S. § 44-1962(A)(10) and A.A.C. R14-4-130(15), for borrowing money from a customer, who  
17 was neither a relative of CONATSER nor a person in the business of lending funds at the time of  
18 the loans .

19 3. RESPONDENTS' conduct is grounds for administrative penalties under A.R.S. §  
20 44-2036.

21 **III.**

22 **ORDER**

23 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and the  
24 RESPONDENTS' consent to the entry of this Order, the Commission finds that the following relief  
25 is appropriate, in the public interest, and necessary for the protection of investors:  
26

1 IT IS ORDERED, pursuant to A.R.S. § 44-1962, that CONATSER's securities salesman  
2 registration is revoked.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS shall,  
4 jointly and severally, pay administrative penalties in the amount of \$5,000, payable to the "State of  
5 Arizona." Payment shall be made in full by cashier's check or money order on the date of this  
6 Order.

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

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

9  
10  
11 CHAIRMAN

COMMISSIONER

COMMISSIONER

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

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

21  
22 DISSENT

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  
[shood@cc.state.az.us](mailto:shood@cc.state.az.us).

25 PTJ  
26

**CONSENT TO ENTRY OF ORDER**

1  
2 1. CHARLES E. CONATSER ("CONATSER"), an individual, and ESTATE  
3 CONSERVATION STRATEGIES, INC. ("ESTATE"), an Arizona corporation, (collectively  
4 "RESPONDENTS") admit the jurisdiction of the Commission over the subject matter of this  
5 proceeding. RESPONDENTS acknowledge that they have been fully advised of their right to a  
6 hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily  
7 waive any and all rights to a hearing before the Commission and all other rights otherwise  
8 available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.  
9 RESPONDENTS acknowledge that this Order To Cease And Desist, Order for Administrative  
10 Penalties, Order of Revocation and Consent to Same ("Order") constitutes a valid final order of the  
11 Commission.

12 2. RESPONDENTS knowingly and voluntarily waive any right they may have under  
13 Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or  
14 extraordinary relief resulting from the entry of this Order.

15 3. RESPONDENTS acknowledge and agree that this Order is entered into freely and  
16 voluntarily and that no promise was made or coercion used to induce such entry.

17 4. RESPONDENTS acknowledge that they have been represented by counsel in this  
18 matter, they have reviewed this Order with their attorney and understand all terms it contains.

19 5. RESPONDENTS admit the Findings of Fact and Conclusions of Law contained in  
20 this Order.

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

26 ...

1           7.     While this Order settles this administrative matter between RESPONDENTS and  
2 the Commission, RESPONDENTS understand that this Order does not preclude the Commission  
3 from instituting other administrative proceedings based on violations that are not addressed by this  
4 Order.

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

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

11          10.    RESPONDENTS agree that they will not apply to the state of Arizona for  
12 registration as a securities dealer or salesman or for licensure as an investment adviser or  
13 investment adviser representative at any time in the future.

14          11.    RESPONDENTS agree that they will not exercise any control over any entity that  
15 offers or sells securities or provides investment advisory services, within or from Arizona.

16          12.    RESPONDENTS agree that until penalties are paid in full, RESPONDENTS will  
17 notify the Director of the Securities Division within 30 days of any change in home address or any  
18 change in RESPONDENTS' ability to pay amounts due under this Order.

19          13.    RESPONDENTS understand that default shall render them liable to the  
20 Commission for their costs of collection and interest at the maximum legal rate.

21          14.    RESPONDENTS consent to the entry of this Order and agree to be fully bound by  
22 its terms and conditions. If RESPONDENTS breach any provision of this Order, the Commission

23 ...  
24 ...  
25 ...  
26 ...

AUG-14-2002 09:10A FROM:

TO: 14809459594

P: 1

FROM : KNELLER

PHONE NO. : 992 5065

Aug. 14 2002 08:47AM P7

Docket No. S-03473A-02-0000

1 may vacate this Order and restore this case to its active docket.

2 19. CONATSER represents that he is President of ESTATE and has been authorized by  
3 ESTATE to enter into this Order for and on behalf of ESTATE.

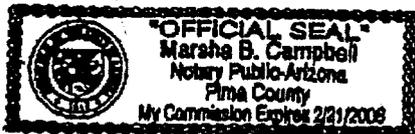
4  
5 Charles E. Conatser  
6 CHARLES E. CONATSER

7 SUBSCRIBED AND SWORN TO BEFORE me this 14 day of August, 2002.

8  
9 Marsha B. Campbell  
10 NOTARY PUBLIC

11 My Commission Expires:

12 2/21/2006



15 ESTATE CONSERVATION STRATEGIES, INC.

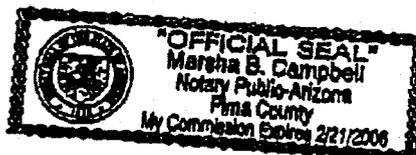
16 Charles E. Conatser  
17 By: Charles E. Conatser, President

18 SUBSCRIBED AND SWORN TO BEFORE me this 14 day of August, 2002.

19  
20 Marsha B. Campbell  
21 NOTARY PUBLIC

22 My Commission Expires:

23 2/21/2006



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