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WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON



ARIZONA CORPORATION COMMISSION

JAMES G. JAYNE  
Interim Executive Secretary  
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DATE: July 8, 2003

Arizona Corporation Commission

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DOCKET NOS: S-03413A-01-0000

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TO ALL PARTIES:

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Enclosed please find the recommendation of Administrative Law Judge Philip J. Dion III. The recommendation has been filed in the form of an Opinion and Order on:

CLAY EUGENE LAMBERT  
(NOTICE OF OPPORTUNITY)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

JULY 17, 2003

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Open Meeting to be held on:

AUGUST 21, 2003

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

JAMES G. JAYNE  
INTERIM EXECUTIVE SECRETARY

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 CLAY EUGENE LAMBERT  
10 3711 East Minton Place  
11 Mesa, AZ 85215  
12 CRD No. 1959853

13 Respondent.

DOCKET NO. S-03413A-01-0000

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

14 OPINION AND ORDER

15 DATE OF HEARING:

January 28, 2003

16 PLACE OF HEARING:

Phoenix, Arizona

17 ADMINISTRATIVE LAW JUDGE:

Philip J. Dion III

18 APPEARANCES:

Anthony Bingham, Special Assistant  
Attorney General, on behalf of the  
Securities Division of the Arizona  
Corporation Commission.

19 **BY THE COMMISSION:**

20 PROCEDURAL HISTORY

21 On September 26, 2001, the Securities Division ("Division") of the Arizona Corporation  
22 Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order  
23 To Cease And Desist, For Restitution, For Administrative Penalties, For Revocation, And For Other  
24 Affirmative Action ("Notice") against Clay Eugene Lambert ("Respondent") in which the Division  
25 alleged violations of the Securities Act of Arizona ("Securities Act") in connection with the offer  
26 and sale of securities.

27 Respondent was duly served with the Notice on September 28, 2001.

28 On October 3, 2001, Respondent filed a request for a hearing and for a pre-hearing  
conference through his attorney, Michael Salcido. A Procedural Order was issued scheduling a pre-

1 hearing conference for November 26, 2001.

2 On November 6, 2001, Respondent filed a Chapter 13 bankruptcy case in the United States  
3 Bankruptcy Court, District of Arizona, Phoenix Division.<sup>1</sup>

4 On November 21, 2001, Mr. Salcido filed a letter stating that Respondent had filed a  
5 petition for bankruptcy under Chapter 13. In his letter, Mr. Salcido argued that the administrative  
6 action and the pre-hearing conference scheduled for November 26, 2001 were stayed pursuant to  
7 the automatic stay provision in the bankruptcy code. In its Response, the Division contended that  
8 an exception to the automatic stay in bankruptcy for the continuation of an action by a  
9 governmental unit to enforce its police and regulatory powers allowed the administrative  
10 proceeding against Respondent to go forward.

11 On November 26, 2001, the pre-hearing conference was held. Respondent was represented  
12 by Mr. Salcido, who argued that the bankruptcy case stayed the administrative proceeding before  
13 the Commission. The Division reiterated its argument that an exemption to the automatic stay  
14 allowed the proceeding to go forward.

15 On January 10, 2002, a Procedural Order was issued by the Commission. Each party was  
16 ordered to file a brief regarding whether the automatic stay pursuant to 11 U.S.C. § 362 was  
17 applicable to the administrative proceeding. The Procedural Order also set a hearing for March 5,  
18 2002.

19 On January 31, 2002, the Division filed a brief regarding the inapplicability of the automatic  
20 stay in bankruptcy to the administrative proceeding.

21 On February 1, 2002, Mr. Salcido filed for Respondent a document titled "Lambert's  
22 Position Re: Bankruptcy."

23 On February 22, 2002, a Procedural Order was issued finding that the automatic stay was  
24 not applicable to the administrative proceeding against Respondent. The hearing date of March 5,  
25 2002 was affirmed.

26  

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<sup>1</sup> United States Bankruptcy Court, District of Phoenix, Arizona, Case Number 01-014885 PHX-RTB.

1 On March 1, 2002, Respondent filed a Motion to Continue the hearing set for March 5,  
2 2002. The purpose of the motion was to allow Mr. Salcido time to be appointed by the bankruptcy  
3 court to represent Respondent in this matter and to obtain permission from the bankruptcy court to  
4 incur legal fees on behalf of Respondent. Subsequently, a telephonic conference was held to  
5 discuss the Motion to Continue.

6 On March 11, 2002, after the telephonic conference, a Procedural Order was issued that  
7 continued the hearing to April 10, 2002.

8 On April 8, 2002, Mr. Salcido filed a Notice of Withdrawal of Counsel.

9 On April 10, 2002, the parties appeared for the scheduled hearing in this matter.  
10 Respondent was represented by Mr. Salcido at the hearing. Attorney Lawrence Moon was present  
11 and willing to replace Mr. Salcido as counsel for Respondent. Mr. Salcido's Motion to Withdraw  
12 as counsel was denied, and a ruling was made that Mr. Moon and Mr. Salcido would represent  
13 Respondent as co-counsel with Mr. Moon as lead counsel. Based on this ruling, the hearing was  
14 continued to June 3, 2002.

15 On May 24, 2002, Mr. Salcido, on behalf of Respondent, filed with the Commission a  
16 second Motion to Stay the administrative proceeding. Mr. Salcido stated in the Motion that his  
17 client had just learned he was being criminally investigated by the Attorney General's office  
18 regarding the same set of facts and circumstances as in this matter. Respondent requested expedited  
19 oral argument on the motion. On May 29, 2002, the Division filed a response to this motion, and  
20 on May 30, 2002, a hearing was held on Respondent's motion. Both parties appeared with  
21 counsel.<sup>2</sup> Based on the information presented, a short continuance of the hearing was granted.

22 On June 3, 2002, Mr. Moon, as counsel for Respondent, filed in the United States  
23 Bankruptcy Court a petition to enforce the automatic stay in bankruptcy or in the alternative, an  
24 application for an expedited order to show cause. A notice of this filing with a copy of the petition  
25 was filed with the Commission on June 11, 2002. On June 18, 2002, the Division filed a response  
26 to the petition in the United States Bankruptcy Court.

<sup>2</sup> Mr. Lambert was present at the hearing.

1 On June 11, 2002, Respondent was criminally indicted on one count of fraudulent schemes  
2 and artifices, one count of theft, three counts of forgery and three counts of insurance fraud.<sup>3</sup> The  
3 indictment counts arise from some of the same facts alleged in the Notice. None of the counts in  
4 the indictment are for violations of the Securities Act.

5 On June 19, 2002, a hearing was held in bankruptcy court to address the petition filed by  
6 Respondent. Both parties appeared by counsel and presented brief arguments. The judge signed an  
7 order holding that the administrative proceeding against Respondent is exempt from the automatic  
8 stay in bankruptcy, that the Commission can enter an order to cease and desist, an order for  
9 restitution and penalties and that the Commission can revoke or suspend Respondent's Arizona  
10 securities registration.

11 On June 21, 2002, a Procedural Order was issued, and based upon the criminal indictment of  
12 Respondent, the hearing was reset to September 23, 2002. Additionally, Respondent's motion filed  
13 with the Commission to stay the administrative proceeding was denied.

14 On July 25, 2002, Mr. Salcido and Mr. Moon jointly filed a motion to withdraw as legal  
15 counsel for Respondent. One of the reasons they sought to withdraw from representing Respondent  
16 was that Respondent had not contacted his attorneys for over a month. A hearing was held on this  
17 motion and Mr. Salcido and Mr. Moon were allowed to withdraw as counsel of record.

18 On September 12, 2002, the Division filed a motion for a pre-hearing status conference to  
19 discuss the attendance of Respondent at the hearing scheduled for September 23, 2002. As of  
20 September 12, 2002, Respondent was incarcerated in the Maricopa County Jail on a bench warrant  
21 for his failure to appear at his arraignment on the charges in the criminal matter.

22 On September 23, 2002, a procedural conference, instead of a hearing, was held. Due to  
23 Respondent's incarceration, the hearing in this matter was rescheduled to January 28, 2003. After  
24 the procedural conference, Respondent's criminal defense attorney<sup>4</sup> confirmed with counsel for the  
25 Division that Respondent was aware of the hearing date on January 28, 2003. A letter from the

26 <sup>3</sup> CR 2002-010391 in the Maricopa County Superior Court.

<sup>4</sup> The criminal defense attorney did not represent Respondent in this matter.

1 Division was delivered to Respondent's criminal defense attorney confirming the hearing date of  
2 January 28, 2003. The Division's hearing exhibits also accompanied this letter. With permission of  
3 Respondent's criminal defense attorney, the same letter was sent to Respondent at an address  
4 provided by his attorney. This letter was mailed certified mail, return receipt requested, and the  
5 Division received the signed green return receipt card evidencing that Respondent received this  
6 letter.

7 On January 28, 2003, the hearing was held as scheduled. Counsel for the Division  
8 appeared. Neither Respondent, nor any counsel for Respondent appeared at the hearing. On the  
9 date of the hearing, the Division stated that Respondent was no longer incarcerated and therefore,  
10 could have attended the hearing. The presiding officer found that Respondent had more than  
11 adequate notice of the hearing and had not sought a continuance. The hearing then proceeded  
12 against the Respondent in absentia.

13 At the hearing, the Division presented testimony from two witnesses, Lisa Busse and Tom  
14 Woods. Mrs. Busse is employed with the Division as an investigator and assisted with the  
15 investigation of this matter. Mr. Woods, along with his wife, were the only investors with  
16 Respondent. A total of fifty-three exhibits were admitted into evidence in the course of the hearing.

17 On March 26, 2003, Respondent entered into a criminal plea agreement in Maricopa County  
18 Superior Court. Respondent pled guilty to theft as a class three felony and forgery as a class four  
19 felony. Besides acting as an insurance agent and financial advisor to Mr. and Mrs. Woods,  
20 Respondent also worked as a bookkeeper for a company owned by the Woods. The criminal  
21 charges arose out of Respondent's tenure as the bookkeeper. Respondent forged Mr. Woods'  
22 signature on the company's checks and cashed the checks for his benefit.

23 On March 31, 2003, the Division filed a Proposed Procedural History, Findings of Fact,  
24 Conclusions of Law and Order. In that filing, the Division requested that the Commission order the  
25 Respondent to cease and desist his actions, pay an administrative fee of \$60,000 and restitution in  
26 the amount of \$451,700 with interest and revoke Respondent's registration as a securities salesman  
in Arizona.

1 On May 2, 2003, the Court accepted the plea agreement and sentenced Respondent to 3.25  
2 years prison, a probation tail of 5 years and ordered Respondent to pay \$238,323.50 in restitution to  
3 the Woods.

4 \* \* \* \* \*

5 Having considered the entire record herein and being fully advised in the premises, the  
6 Commission finds, concludes, and orders that:

7 **FINDINGS OF FACT**

8 1. Respondent's last known address is 1901B West Falcon Way, Amado, AZ 86545.

9 2. Respondent was registered with the Commission as a securities salesman through  
10 different securities dealers for much of the time period from March 4, 1993, to July 17, 2000.

11 3. Respondent did not register the securities in this matter or receive an exemption  
12 from the Commission to sell securities. Likewise, Respondent failed to register with the  
13 Commission as a securities dealer during the relevant time period.

14 4. The evidence presented showed that in 1991, Respondent met Tom and Becky  
15 Woods, a married couple, through Becky Wood's parents whom had purchased insurance from  
16 Respondent. The evidence further demonstrated that over the next several years, Respondent was  
17 the insurance agent and financial adviser for the Woods and the two companies they owned and  
18 operated. Mr. Wood testified that during these years, Respondent befriended the Woods and  
19 became well acquainted with them on a personal and financial level. At all relevant times herein,  
20 the Woods lived in the Chandler, Arizona area.

21 5. The evidence established that sometime before October 1994, Respondent  
22 approached the Woods to solicit them for an investment with him in a North Dakota farm he  
23 claimed to have previously purchased from his father-in-law. The evidence also shows that  
24 Respondent claimed to own the farmland without any encumbrances. The evidence further  
25 established that Respondent told the Woods he could make them a lot more money than what they  
26 were currently earning from their investments, and that Respondent would repay them from profits  
generated from operating the farm.

1           6.       Evidence in the form of checks presented at the hearing showed the Woods invested  
2 \$150,000 with Respondent to finance farming operations on the farm Respondent claimed to own in  
3 North Dakota. For their investment, Respondent issued the Woods a promissory note dated  
4 October 3, 1994, with his signature on it. The interest rate on the note was fifteen percent per year.

5           7.       The evidence established that around May 1996, Respondent solicited the Woods for  
6 a second investment telling them he needed more money from them to purchase additional  
7 farmland.

8           8.       Testimony and documents introduced into evidence at the hearing show the Woods  
9 invested \$200,000 with Respondent pursuant to a promissory note dated May 15, 1996. The Woods  
10 gave Respondent a check for \$100,000 and transferred by wire into Respondent's bank account in  
11 North Dakota another \$100,000. The memo line on the check reads "Investment/Land". For this  
12 investment, the Woods received the promissory note dated May 15, 1996, payable to W.C.  
13 Contracting, Inc., a company operated by Mr. Woods. This note was to pay interest at the rate of  
14 twelve percent annually. This note was signed by Respondent and by Mr. Woods as President of  
15 W.C. Contracting, Inc.

16           9.       Both promissory notes contained a term requiring Respondent to maintain term life  
17 insurance on his life payable to the payee of each note in an amount sufficient to pay the principal  
18 and accrued interest in full should the Respondent die. Mr. Woods testified he relied on this term in  
19 both notes and considered it vital in the decision to invest with Respondent.

20           10.       Despite Respondent's guarantee in the two promissory notes that he would maintain  
21 a term life insurance policy on his life payable to the Woods, the evidence introduced at the hearing  
22 proved that he failed to follow through with this promise. In an Agricultural Financial Statement to  
23 Norwest Bank, signed by Respondent and his wife on March 24, 1997, Respondent stated he had  
24 two life insurance policies in the total amount of \$900,000 payable to his wife as the only  
25 beneficiary. Furthermore, in September 2001, Respondent's legal counsel, in response to a letter  
26 from the Division, acknowledged that Respondent never held term life insurance or any other  
insurance on his life payable to either or both of the Woods.

1           11.     The evidence demonstrates that the third and last investment the Woods made with  
2 Respondent was by a check dated April 23, 1997, in the amount of \$101,700 payable to  
3 Respondent. The evidence shows that prior to this investment by the Woods, Respondent solicited  
4 them for money to purchase more farm equipment and for farming operations. Mr. Woods testified  
5 he never received from Respondent a promissory note for this investment. Mr. Woods said he  
6 expected the terms of this investment to be like the terms of the prior two investments. Mr. Woods  
7 also stated he expected Respondent to maintain life insurance on his life payable to the Woods in an  
8 amount sufficient to pay the principal and accrued interest in full on this third investment should the  
9 Respondent die.

10           12.     Information in the Agricultural Financial Statement completed and signed by  
11 Respondent and his wife on March 24, 1997, demonstrated that Respondent did not own any  
12 farmland in North Dakota until 1995. This is contrary to what Respondent told the Woods before  
13 their October 1994 investment.

14           13.     Exhibits entered into evidence show that in March 1995, August 1995, August 1996  
15 and on an unknown date in 1996, Respondent mortgaged farmland he owned in North Dakota. Mr.  
16 Woods testified that Respondent never disclosed to the Woods that the farmland was encumbered  
17 with a mortgage.

18           14.     The evidence proves that in early April 2001, Respondent sold all the farmland he  
19 owned. The Woods did not receive any proceeds from the sale of the farmland.

20           15.     Mr. Woods testified that neither he nor his wife were involved in any of the  
21 operations of the farm, including how their money was spent. The evidence shows that Respondent  
22 never told the Woods about a particular piece of farmland or specific expenses for operating the  
23 farm.

24           16.     Mr. Woods testified that neither he nor his wife had any experience in agriculture.  
25 The Woods relied solely upon Respondent to run the farm and generate profits from the farm.

26           17.     The evidence established that the Woods did not receive any principal or interest  
payments from Respondent on their investments.

1           18.     The evidence shows that Respondent never presented any financial information to  
2 the Woods about the farm in North Dakota before their first investment in October 1994. Mr.  
3 Woods testified that Respondent did show one income statement for the farm to the Woods  
4 sometime after their first investment. According to the income statement, the farm returned over  
5 eighteen percent profit for that year. Mr. Woods testified that Respondent presented only one  
6 balance sheet for the farm to the Woods. That balance sheet was shown to the Woods in connection  
7 with their second investment in May 1996. Other than being shown one income statement and one  
8 balance sheet, Mr. Woods stated they were never shown any other financial information and did not  
9 have access to any financial information or statements regarding Respondent's farm.

10           19.     Mr. Woods testified that on several occasions, the Woods asked Respondent about  
11 their investments. Mr. Woods further testified that Respondent always assured them that their  
12 money was being reinvested in the farm and the farm was doing well. Mr. Woods also said that  
13 Respondent told the Woods that anytime they needed some of their invested money back, they  
14 could ask for it and he would return the money to them.

15           20.     The evidence shows that Respondent viewed the money he received from the Woods  
16 as investments not as loans. Two statements created by Respondent, both dated in 1995, show the  
17 balance for each investment in the Woods securities portfolio. Both statements show the balance of  
18 \$150,000 for "INVESTMENT C. LAMBERT." The Woods second and third investments with  
19 Respondent do not appear on these statements because the statements were created after their first  
20 investment and before their second investment.

21           21.     The evidence established that from January 1999 to mid December 1999,  
22 Respondent was the bookkeeper for a company owned and operated by the Woods called Direct  
23 Utility Contractors, LLC. Mr. Woods testified that besides keeping the books for the company,  
24 Respondent printed all the company checks and delivered them to Mr. Woods for his signature.

25           22.     The exhibits entered into evidence reflect that from January 20, 1999, to December  
26 5, 1999, Respondent misappropriated \$305,404.36 from Direct Utility Contractors, LLC's checking  
account. The evidence demonstrates that Respondent accomplished this by signing Mr. Wood's

1 name to twenty-four checks and making one withdrawal from the business checking account, all  
2 without authorization from Mr. Woods. The checks were payable to Lambert Financial Group,  
3 LLC, except for one that was payable to Clay Lambert. The unauthorized withdrawal was  
4 deposited into the bank account of Lambert Financial Group, LLC. Lambert Financial Group, LLC,  
5 which was located in Mesa, Arizona, was owned and operated by Respondent who transacted his  
6 securities and insurance business through this limited liability company.<sup>5</sup>

7 23. The evidence proved that, initially, Mr. Woods only discovered the checks  
8 misappropriated in November and December 1999. These checks totaled \$41,080.86. The  
9 evidence further showed that Mr. Woods confronted Respondent regarding these misappropriated  
10 checks; Respondent apologized to Mr. Woods; admitted to misappropriating the money; and in  
11 February, 2000, Respondent delivered to the Woods a cashier's check for \$41,080.86 as restitution.

12 24. The evidence established that in early 1999, the Woods asked Respondent for the  
13 return of \$100,000 from the money they had invested with him. The evidence shows that  
14 Respondent told the Woods he would obtain the money from his bank account in North Dakota.  
15 Unbeknownst to the Woods, Respondent wrote three letters to an insurance company to acquire  
16 approximately \$100,000 from an annuity he had previously sold the Woods. Two of these letters  
17 had the purported signatures of Tom and Becky Woods. One of these three letters was signed by  
18 Respondent.

19 25. In April 1999, the insurance company mailed two checks from the annuity account  
20 to the Woods. The evidence shows that when the Woods discovered the source of funds for the two  
21 checks was from their annuity account, they returned the checks to the insurance company with a  
22 cover letter directing that the checks be deposited back into the their annuity account.

23 26. Mr. Woods testified that the Woods never knew about any of the letters sent to the  
24 insurance company. He further stated they did not authorize Respondent to sign their names on any  
25 of the letters or request any money from the insurance company.

26 27. On May 2, 2003, Respondent was convicted on one count of theft, a Class 3 felony

<sup>5</sup> These are the underlying facts and circumstances of the criminal case.

1 and one count of forgery, a Class 4 felony in the Superior Court of Maricopa County. The criminal  
2 charges arose from Respondent's felonious behavior while employed as a bookkeeper for a  
3 company the Woods owned.

4 28. We hereby adopt the procedural history as set forth above.

5 29. Based upon the evidence presented in this case and Respondent's subsequent  
6 criminal felony convictions, we find that Respondent should pay restitution to the Woods, be  
7 assessed a fine and his registration as a securities salesman in Arizona should be revoked.

8 **CONCLUSIONS OF LAW**

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

11 2. Respondent offered and sold securities in the form of promissory notes on or about  
12 October 3, 1994 and May 15, 1996, within the definition of A.R.S. §§ 44-1801(15), 44-1801(21),  
13 and 44-1801(26).

14 3. Respondent offered and sold a security in the form of an investment contract and  
15 evidence of indebtedness on or about April 23, 1997, within the definition of A.R.S. §§ 44-  
16 1801(15), 44-1801(21), and 44-1801(26).

17 4. Respondent violated A.R.S. § 44-1841 by offering and selling securities that were  
18 neither registered, nor exempt from registration.

19 5. Respondent violated A.R.S. § 44-1842 by offering and selling securities while  
20 neither registered as a dealer, nor exempt from registration.

21 6. Respondent violated A.R.S. § 44-1991 by making untrue statements or misleading  
22 omissions of material facts, and engaging in transactions, practices or courses of business which  
23 operate or would operate as a fraud or deceit. Respondent's conduct includes, but is not limited to  
the following:

- 24 a. making untrue statements to the Woods before their first investment in October  
25 1994, that he had purchased his father-in-law's farm, when in fact, he had not yet  
26 purchased the farm;

- 1 b. failing to disclose to the Woods that most if not all of the farmland he purchased  
2 would be encumbered with a mortgage or other lien that he would be required to  
3 service from farm income;
- 4 c. failing to disclose to the Woods financial statements about his farming operations in  
5 North Dakota other than one income statement after the Wood's first investment  
6 and one balance sheet in connection with the Wood's second investment;
- 7 d. failing to disclose to the Woods the specific parcels of farmland and the specific  
8 operational expenses their investment monies were to be used for; and
- 9 e. making untrue statements to the Woods that he would maintain term life insurance  
10 on his life payable to the couple as beneficiaries in an amount sufficient to pay the  
11 principal and accrued interest of their investments when in fact he never did  
12 maintain such insurance.

13 7. Respondent's conduct necessitates an order of revocation pursuant to A.R.S. § 44-  
14 1962(A)(4), (9), and (10).

15 8. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S. §  
16 44-2032.

17 9. Respondent's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
18 2032.

19 10. Restitution in the amount of \$451,700<sup>6</sup> is reasonable in this case.

20 11. Respondent's conduct is grounds for an administrative penalty pursuant to A.R.S. §  
21 44-2036.

22 12. An administrative penalty of \$60,000 is reasonable in this case.

23  
24  
25 <sup>6</sup> Restitution for the misappropriated checks and the one unauthorized withdrawal by Respondent are not  
26 included in this amount because the Commission is unable to order restitution for those transactions under the  
Securities Act since they are not related to the offer or sale of securities. However, it appears that those sums were  
accounted for in the criminal case as Respondent was ordered to pay restitution in that matter.

**ORDER**

1  
2 IT IS THEREFORE ORDERED that pursuant to the authority granted to the Commission  
3 under A.R.S. § 44-2032, Respondent shall cease and desist from his actions described hereinabove  
4 in violation of A.R.S. §§ 44-1841, 44-1842, and 44-1991.

5 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission  
6 under A.R.S. § 44-2032, Respondent shall pay restitution in the amount of \$451,700 plus accrued  
7 interest for the three investments dated October 3, 1994, May 15, 1996 and April 23, 1997, within  
8 sixty days of the effective date of this Order.

9 IT IS FURTHER ORDERED that the restitution ordered hereinabove shall bear interest for  
10 the first investment from October 3, 1994, at the rate of fifteen percent per year, for the second  
11 investment from May 15, 1996, at the rate of twelve percent per year, and for the last investment  
12 from April 23, 1997, at the rate of ten percent per year.

13 IT IS FURTHER ORDERED that restitution shall be made payable to the "State of  
14 Arizona" to be deposited into an interest-bearing account, if appropriate, until distribution is made.

15 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission  
16 under A.R.S. § 44-2036, Respondent shall pay as administrative penalties: for the violations of  
17 A.R.S. § 44-1841, the sum of \$15,000; for the violations of A.R.S. § 44-1842, the sum of \$15,000,  
18 and for the violations of A.R.S. § 44-1991, the sum of \$30,000, for total penalties of \$60,000,  
within sixty days of the effective date of this Order.

19 IT IS FURTHER ORDERED that administrative penalties shall be made payable to the  
20 "State of Arizona" for deposit into the general fund of the State of Arizona.

21 IT IS FURTHER ORDERED that the administrative penalties ordered hereinabove shall  
22 bear interest at the rate of ten percent per year for any outstanding balance from sixty dates of the  
23 effective date of this Order.

24 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission  
25 under A.R.S. § 44-1962, Respondent Lambert's registration as a securities salesman in Arizona is  
26 revoked.

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IT IS FURTHER ORDERED that the Securities Division shall attempt to personally serve Respondent with a copy of this Decision within thirty days of the effective date of this Decision.

IT IS FURTHER ORDERED that the Division shall file an affidavit in this docket stating how Respondent was served with a copy of this Decision within sixty days of the effective date of this Decision.

IT IS FURTHER ORDERED that this Decision is effective regardless of service upon Respondent.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN	COMMISSIONER	COMMISSIONER
COMMISSIONER	COMMISSIONER	

IN WITNESS WHEREOF, I, JAMES G. JAYNE, 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.

\_\_\_\_\_  
JAMES G. JAYNE  
Interim Executive Secretary

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

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SERVICE LIST FOR: Clay Eugene Lambert

DOCKET NO. S-03413A-01-0000

Bruce E. Blumberg  
45 W. Jefferson, Ste. 210  
Phoenix, AZ 85003-2325  
For delivery to Respondent

Moira McCarthy  
Assistant Attorney General  
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Mark Sendrow, Director  
Securities Division  
Arizona Corporation Commission  
1200 W. Washington  
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