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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION DOCUMENT CONTROL

NEW

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

In the matter of:

EASY MONEY AUTO LEASING, INC.
10243 N. Scottsdale Rd., Suite 5
Scottsdale, Arizona 85253

SUPERIOR FINANCIAL SERVICES, INC.
2102 E. Sharon Dr.
Phoenix, Arizona 85022

JAMES ANTHONY CICERELLI
13027 N. Surrey Circle
Phoenix, Arizona 85029

DAVID PAUL FRENCH
2102 E. Sharon Dr.
Phoenix, Arizona 85022

Respondents.

DOCKET NO. S-03415A-01-0000

NOTICE OF OPPORTUNITY FOR
HEARING REGARDING PROPOSED
ORDER TO CEASE AND DESIST,
ORDER FOR RESTITUTION, ORDER
FOR ADMINISTRATIVE PENALTIES
AND FOR OTHER AFFIRMATIVE
ACTION

NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

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

1 **II.**

2 **RESPONDENTS**

3 2. EASY MONEY AUTO LEASING, INC. ("EASY MONEY") is a Nevada corporation
4 whose last known address is 10243 N. Scottsdale Road, Suite 5, Scottsdale, Arizona 85253.

5 3. SUPERIOR FINANCIAL SERVICES, INC. ("SFS") is a company whose last known
6 address is 2102 E. Sharon Drive, Phoenix, Arizona 85022.

7 4. JAMES ANTHONY CICERELLI ("CICERELLI") whose last known address is 13027
8 North Surrey Lane, Phoenix, Arizona 85029, was president of EASY MONEY.

9 5. DAVID FRENCH, ("FRENCH") whose last known address is 2102 E. Sharon Drive,
10 Phoenix, Arizona 85022, is president of SFS and was secretary of EASY MONEY.

11 6. The respondents may be collectively referred to as "RESPONDENTS".

12 **III.**

13 **FACTS**

14 7. RESPONDENTS have engaged in the offer or sale within or from Arizona of securities
15 in the form of promissory notes or investment contracts to the public.

16 The EASY MONEY Investment Scheme

17 8. Beginning in October 1998, RESPONDENTS sold at least 43 promissory notes and/or
18 investments contracts to at least 29 investors for a total of at least \$1,360,140.42.

19 9. RESPONDENTS represented to investors that EASY MONEY was in the automobile
20 sale-leaseback business. They represented that EASY MONEY would purchase automobiles from
21 individuals in need of cash at a very low rate and then lease the cars back to the same individuals. The
22 transaction required the individual to transfer his vehicle title to EASY MONEY. EASY MONEY
23 would then obtain a new title in its own name. Simultaneously, EASY MONEY and the individual
24 would enter into a lease arrangement in which the individual would lease his car back from EASY
25 MONEY. If the individual defaulted on his payments, EASY MONEY could obtain the vehicle from
26 him.

1 previously been a stockbroker, before operating his own firm for six years. That firm, according to
2 FRENCH, sold fixed-rate investments.

3 **IV.**

4 **VIOLATION OF A.R.S. § 44-1841**

5 **(Offer or Sale of Unregistered Securities)**

6 17. From on or about October 1998, RESPONDENTS offered or sold securities in the form
7 of promissory notes and/or investment contracts, within or from Arizona.

8 18. The securities referred to above were not registered pursuant to the provisions of Articles
9 6 or 7 of the Securities Act.

10 19. This conduct violates A.R.S. § 44-1841.

11 **V.**

12 **VIOLATION OF A.R.S. § 44-1842**

13 **(Transactions by Unregistered Dealers or Salesmen)**

14 20. RESPONDENTS offered or sold securities within or from Arizona, while not registered
15 as dealers or salesmen pursuant to the provisions of Article 9 of the Securities Act.

16 21. This conduct violates A.R.S. § 44-1842.

17 **VI.**

18 **VIOLATION OF A.R.S. § 44-1991**

19 **(Fraud in Connection with the Offer or Sale of Securities)**

20 22. In connection with the offer or sale of securities within or from Arizona,
21 RESPONDENTS directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made
22 untrue statements of material fact or omitted to state material facts which were necessary in order to make
23 the statements made not misleading in light of the circumstances under which they were made; and (iii)
24 engaged in transactions, practices or courses of business which operated or would operate as a fraud or
25
26

1 deceit upon offerees and investors. RESPONDENTS' conduct includes, but is not limited to, the
2 following:

- 3 a) Failing to disclose the criminal record of FRENCH;
- 4 b) Representing that the funds raised from investors would be used to buy, lease
5 and rent vehicles when in fact they were also used for other purposes, including transfers to
6 other companies controlled by CICERELLI or FRENCH;
- 7 c) Representing to investors that EASY MONEY had an established and proven
8 track record when in fact it had only been in business since October 1998;
- 9 d) Representing to investors that EASY MONEY had virtually no competition
10 when there were at least 12 other companies in the Phoenix marketplace providing similar
11 services;
- 12 e) Representing that the investments were liquid, 100% secured and insured
13 against loss when in fact the investments were illiquid, were not secured and were not insured
14 against loss; and
15
- 16 f) Misrepresenting that the investment had no risk.

17
18 23. In connection with the offer or sale of securities within or from Arizona, FRENCH
19 directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of
20 material fact or omitted to state material facts which were necessary in order to make the statements
21 made not misleading in light of the circumstances under which they were made; and (iii) engaged in
22 transactions, practices or courses of business which operated or would operate as a fraud or deceit upon
23 offerees and investors. FRENCH's conduct includes, but is not limited to, the following:

- 24 a) Representing to the Transplant investor that EASY MONEY was successful when
25 it had filed for bankruptcy and that most investors lost the majority of their investment;
- 26

1 from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
2 www.cc.state.az.us/utility/forms/index.htm.

3 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20
4 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or
5 ordered by the Commission. If a request for a hearing is not timely made, the Commission may, without
6 a hearing, enter an order against each RESPONDENT granting the relief requested by the Division in this
7 Notice of Opportunity for Hearing.

8 Persons with a disability may request a reasonable accommodation such as a sign language
9 interpreter, as well as request this document in an alternative format, by contacting Shelly M. Hood,
10 ADA Coordinator, voice phone number 602/542-3931, e-mail shood@cc.state.az.us. Requests should
11 be made as early as possible to allow time to arrange the accommodation.

12 Dated this 14th day of May, 2001.

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15 Mark Sendrow
16 Director of Securities

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2001 MAY 14 A 9 26

AZ CORP COMMISSION
DOCUMENT CONTROL

Memorandum

DATE: May 14, 2001
TO: Nancy Cole
Docket Control
FROM: Mark Dinell
Securities Division
RE: Easy Money Auto Leasing, et al.
Docket No. S-03415A-01-0000
Assigned Staff
CC: Mabel Aldridge

This is to notify you that the following individuals have been assigned to the above-mentioned case.

- Mark Sendrow
- LeRoy Johnson
- Matthew Neubert

Mark Dinell (Staff Attorney)

Ron Clark (Staff Investigator)

Mark Klamrzynski (Staff Accountant)

Note: The Assistant Attorney General assigned to this matter is: Jennifer Boucek.