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COMMISSIONERS  
KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

ORIGINAL



ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Kristin K. Mayes, Chairman  
Gary Pierce  
Paul Newman  
Sandra D. Kennedy  
Bob Stump

Arizona Corporation Commission  
DOCKETED

SEP 28 2010

FROM: Matthew J. Neubert  
Director of Securities

DOCKETED BY

DATE: September 14, 2010

RE: Order to Cease and Desist, Order for Administrative Penalties and Consent to Same Re: Rick Sellman and Sellman Weis Mortgage & Investment Corporation  
Docket No. S-20738A-10-0147

CC: Ernest G. Johnson, Executive Director

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2010 SEP 28 A 9 53  
DOCKET COMMISSION

Attached is a proposed Order to Cease and Desist, Order for Administrative Penalties and Consent to Same by Rick Sellman and Sellman Weis Mortgage & Investment Corporation ("Respondents"). The Order finds that beginning in March 2010, Respondents offered investment contracts and/or real property investment contracts. The Order requires Respondents to cease and desist their activity and pay an administrative penalty in the amount of \$5,000.

The Order further finds that Respondents violated A.R.S. §§ 44-1841 and 44-1842 for selling unregistered securities while not being registered as dealers or salesman, or exempt from registration. The Order also finds that Respondents violated the anti-fraud provision of the Securities Act, A.R.S. § 44-1991.

The Division recommends this Order as appropriate, in the public interest, and necessary for the protection of investors. An Order to Cease and Desist and Order for Administrative Penalties by Default was entered against Respondent Todd Allan Hoss by the Commission at the August 12, 2010 Open Meeting.

Originator: William Black

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

In the matter of: )  
TODD ALLAN HOSS individually and )  
doing business as Sellman Weis Mortgage & )  
Investment Corporation and Chesterfield )  
Mortgage Investment Corporation and )  
JANE DOE HOSS, )  
RICK SELLMAN individually and doing )  
business as Sellman Weis Mortgage & )  
Investment Corporation and Chesterfield )  
Mortgage Investment Corporation and )  
JANE DOE SELLMAN, )  
SELLMAN WEIS MORTGAGE & )  
INVESTMENT CORPORATION, an )  
Arizona corporation, )  
Respondents. )

DOCKET NO. S-20738A-10-0147

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

**ORDER TO CEASE AND DESIST, ORDER  
FOR ADMINISTRATIVE PENALTIES AND  
CONSENT TO SAME  
BY: RICK SELLMAN AND SELLMAN WEIS  
MORTGAGE & INVESTMENT  
CORPORATION**

Respondents RICK SELLMAN individually and doing business as Sellman Weis Mortgage & Investment Corporation and Chesterfield Mortgage Investment Corporation and SELLMAN WEIS MORTGAGE & INVESTMENT CORPORATION (“Respondents”) elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”) with respect to this Order To Cease And Desist, Order for Administrative Penalties and Consent to Same (“Order”). Respondents admit the jurisdiction of the Arizona Corporation Commission (“Commission”); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

**I. FINDINGS OF FACT**

1  
2           1.     RICK SELLMAN (“SELLMAN”) is an individual residing in Maricopa County,  
3 Arizona and did business from Scottsdale, Arizona as Sellman Weis Mortgage & Investment  
4 Corporation (“Sellman Weiss”), an unincorporated business until April 5, 2010, and Chesterfield  
5 Mortgage Investment Corporation (“Chesterfield Mortgage”). At all times relevant, SELLMAN  
6 was not married.

7           2.     TODD ALLAN HOSS (“HOSS”) is an individual who resided in and did business  
8 from Scottsdale, Arizona as Sellman Weis and Chesterfield Mortgage.

9           3.     According to the records of the Arizona Corporation Commission, SELLMAN  
10 WEIS MORTGAGE INVESTMENT CORPORATION was incorporated on April 5, 2010 and  
11 listed a business address in Scottsdale, Arizona. SELLMAN is identified as President/Director.

12           4.     SELLMAN individually and doing business as Sellman Weis Mortgage &  
13 Investment Corporation and Chesterfield Mortgage Investment Corporation and SELLMAN  
14 WEIS MORTGAGE INVESTMENT CORPORATION may be referred to collectively as  
15 “Respondents.”

16           5.     Beginning in March 2010 and continuing into April 2010, SELLMAN offered  
17 securities in the form of investment contracts and/or real property investment contracts.  
18 SELLMAN’s offers to prospective investors included a guarantee to re-purchase the investment  
19 within 30 days of written notice from the investor in the event the loan became sixty (60) days in  
20 arrears.

21           6.     SELLMAN represented to prospective investors that Respondents were attempting  
22 to raise money from prospective investors to fund a \$7.7 million loan being sought by an entity that  
23 was attempting to purchase a mansion located in Houston, Texas.

24           7.     SELLMAN represented to prospective investors that they would receive a  
25 participation interest in a promissory note to be secured by a first position deed of trust on the  
26 mansion located in Houston, Texas.

1           8.       SELLMAN contacted individuals via facsimile correspondence (“correspondence”)  
2 and by telephone. The correspondence set forth an address for Sellman Weis in Scottsdale,  
3 Arizona.

4           9.       The facsimile and telephone numbers listed in the correspondence to prospective  
5 investors from Respondents included an area code (480) known to be associated with Scottsdale,  
6 Arizona.

7           10.      The correspondence to prospective investors identified SELLMAN as President and  
8 Hoss as Executive Vice President of Sellman Weis, respectively.

9           11.      The correspondence to prospective investors included a five (5) page document  
10 titled: “Mortgage Paper Securities, Specific Offering Circular” (“Offering Circular”).

11          12.      More than one version of the Offering Circular was provided to prospective  
12 investors. HOSS prepared the various versions of the Offering Circular supplied to prospective  
13 investors.

14          13.      A version of the Offering Circular, identified as being prepared by Chesterfield  
15 Mortgage on March 17, 2010, was faxed to a prospective investor on March 21, 2010 and indicated  
16 that the 10% loan origination fee and any late fees would be paid to Chesterfield Mortgage.  
17 Further, the loan servicing fee would be paid to ABC Mortgage Broker-Dealer, Inc. The loan was  
18 presented in the Offering Circular as being interest only with a balloon payment of \$973,000 due  
19 on May 1, 2011, the maturity date.

20          14.      The facsimile cover sheet attached to the correspondence sent to the prospective  
21 investor on March 21, 2010 represented to the prospective investor that Respondents had available  
22 for purchase \$1,351,000 of the \$7.7 million loan. The correspondence to the prospective investor  
23 further indicated that investments could be purchased in various increments if the prospective  
24 investor wished to open a new account with Respondents.

25          15.      Another version of the Offering Circular, identified as being prepared by Sellman  
26 Weis on March 17, 2010, was faxed to a prospective investor on March 22, 2010. The Offering

1 Circular set forth that the 10% loan origination fee and any late fees would be paid to Sellman  
2 Weiss from the loan proceeds. Further, the loan servicing fee would be paid to Sellman Weis from  
3 monthly payments due to investors and any late charges would also be paid to Sellman Weis. The  
4 loan was presented in the Offering Circular as being interest only with a balloon payment of  
5 \$7,700,000 due on May 1, 2011, the maturity date.

6 16. The facsimile cover sheet attached to the correspondence sent to the prospective  
7 investor on March 22, 2010 represented to the prospective investor that Respondents had available  
8 for purchase \$1,251,000 of the \$7.7 million loan and that investments could be purchased in  
9 various increments. The prospective investor was told that they could purchase a \$125,000 interest  
10 for \$100,000 or a \$60,000 interest for \$50,000.

11 17. All correspondence forwarded to prospective investors refer to the same loan  
12 number and identify specifically the mansion in Houston, Texas for which the loan is being sought.

13 18. Prior to contacting them, SELLMAN had never communicated with the prospective  
14 investors. Instead, SELLMAN relied on information provided to him by HOSS about the  
15 prospective investors who SELLMAN ultimately contacted. The prospective investors who were  
16 approached by SELLMAN from Arizona resided in Washington where HOSS previously resided  
17 prior to moving to Arizona in or around March 2010.

18 19. According to the records of the Arizona Corporation Commission, Chesterfield  
19 Mortgage is not licensed to conduct business in Arizona. According to the Arizona Department of  
20 Financial Institutions, Sellman Weis and Chesterfield Mortgage are not licensed as mortgage  
21 bankers, mortgage brokers or escrow agents in Arizona.

22 20. Respondents failed to inform prospective investors that Sellman Weiss and  
23 Chesterfield Mortgage were not licensed as mortgage bankers, mortgage brokers or escrow agents  
24 in Arizona.

25 21. On August 26, 2009, the State of Washington entered a Superseding Statement of  
26 Charges, Stop Order Suspending and Notice of Intent to Revoke Securities Registration, Summary

1 Order to Cease and Desist, Summary Order Revoking Exemptions, Summary Order Suspending  
2 and Notice of Intent to Revoke Securities Broker-Dealer and Securities Salesperson Registration,  
3 and Notice of Intent to Impose a Fine (“Statement of Charges”) against Hoss Mortgage Investors,  
4 Inc. (“HMI”) and Todd Allan Hoss.

5 22. The Statement of Charges alleges that HMI and HOSS offered and sold investment  
6 loan securities and investments in promissory notes and deeds of trust without disclosing that some  
7 of the investments were not recorded or secured by deeds of trust as represented by HMI and  
8 HOSS. The Statement of Charges also alleges that HMI and HOSS failed to provide investors with  
9 required financial information about their investments, including information about the borrower,  
10 the title to real property, and the valuation of the property that should secure the investment. The  
11 Statement of Charges further alleges that HMI and HOSS have each engaged in dishonest and  
12 unethical practices in the securities business.

13 23. On at least one occasion, SELLMAN overheard HOSS identify himself as Rick  
14 Sellman when speaking to a prospective investor. SELLMAN eventually understood this to be an  
15 attempt by HOSS to keep the investor from learning of the Statement of Charges filed by the State  
16 of Washington against HOSS.

17 24. At all times material hereto, Respondents were not registered as dealers or securities  
18 salesmen.

19 25. The securities offered by Respondents in the form of investment contracts and/or  
20 real property investment contracts were neither registered nor exempt from registration.

## 21 II. CONCLUSIONS OF LAW

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

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

26



1 amount of \$5,000. Payment is due in full on the date of this Order. Payment shall be made to the  
2 "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

3 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of  
4 default. If any Respondent does not comply with this Order, any outstanding balance may be  
5 deemed in default and shall be immediately due and payable.

6 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the  
7 Commission may bring further legal proceedings against that Respondent, including application to  
8 the superior court for an order of contempt.

9 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this  
10 Order shall be deemed binding against any Respondent under this Docket Number who has not  
11 consented to the entry of this Order.

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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, ERNEST G. JOHNSON,  
Executive Director 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 \_\_\_\_\_, 2010.

\_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

\_\_\_\_\_  
DISSENT

\_\_\_\_\_  
DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA  
Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

(wwb)

**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondents RICK SELLMAN individually and doing business as Sellman Weis  
3 Mortgage & Investment Corporation and Chesterfield Mortgage Investment Corporation and  
4 SELLMAN WEIS MORTGAGE & INVESTMENT CORPORATION (“Respondents”) admit the  
5 jurisdiction of the Commission over the subject matter of this proceeding. Respondents  
6 acknowledge that they have been fully advised of their right to a hearing to present evidence and  
7 call witnesses and knowingly and voluntarily waive any and all rights to a hearing before the  
8 Commission and all other rights otherwise available under Article 11 of the Securities Act.  
9 Respondents acknowledge that this Order To Cease And Desist, Order for Administrative Penalties  
10 and Consent to Same (“Order”) constitutes a valid final order of the Commission.

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

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

16           4.       Respondents understand and acknowledge that they have a right to seek counsel  
17 regarding this Order, and that they have had the opportunity to seek counsel prior to signing this  
18 Order. Respondents acknowledge and agree that, despite the foregoing, they freely and voluntarily  
19 waive any and all right to consult or obtain counsel prior to signing this Order.

20           5.       Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
21 contained in this Order. Respondents agree that they shall not contest the validity of the Findings  
22 of Fact and Conclusions of Law contained in this Order in any present or future proceeding in  
23 which the Commission or any other state agency is a party concerning the denial or issuance of any  
24 license or registration required by the state to engage in the practice of any business or profession.

25           6.       By consenting to the entry of this Order, Respondents agree not to take any action or  
26 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of

1 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
2 basis. Respondents will undertake steps necessary to assure that all of Respondents' agents and  
3 employees understand and comply with this agreement.

4 7. While this Order settles this administrative matter between Respondents and the  
5 Commission, Respondents understand that this Order does not preclude the Commission from  
6 instituting other administrative or civil proceedings based on violations that are not addressed by  
7 this Order.

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

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

14 10. Respondents agree that they will not apply to the state of Arizona for registration as  
15 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
16 representative until such time as all penalties under this Order are paid in full.

17 11. Respondents agree that they will not exercise any control over any entity that offers  
18 or sells securities or provides investment advisory services within or from Arizona until such time  
19 as all penalties under this Order are paid in full.

20 12. Respondents agree that they will not sell any securities in or from Arizona without  
21 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
22 Respondents will not sell any securities in or from Arizona unless the securities are registered in  
23 Arizona or exempt from registration; and Respondents will not transact business in Arizona as an  
24 investment adviser or an investment adviser representative unless properly licensed in Arizona or  
25 exempt from licensure.

26

1           13.     Respondents agree that they will continue to cooperate with the Securities Division  
2 including, but not limited to, providing complete and accurate testimony at any hearing in this  
3 matter and cooperating with the state of Arizona in any related investigation or any other matters  
4 arising from the activities described in this Order.

5           14.     Respondents consent to the entry of this Order and agree to be fully bound by its  
6 terms and conditions.

7           15.     Respondents acknowledge and understand that if they fail to comply with the  
8 provisions of the Order and this consent, the Commission may bring further legal proceedings  
9 against them, including application to the superior court for an order of contempt.

10          16.     Respondents understand that default shall render them liable to the Commission for  
11 its costs of collection and interest at the maximum legal rate.

12          17.     Respondents agree and understand that if they fail to make any payment as required  
13 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
14 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
15 payment by the Commission is not a waiver of default by the Commission.

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1 18. RICK SELLMAN represents that he is President/Director of SELLMAN WEIS  
2 MORTGAGE INVESTMENT CORPORATION and has been authorized by SELLMAN WEIS  
3 MORTGAGE INVESTMENT CORPORATION to enter into this Order for and on behalf of it.

4  
5   
6 RICK SELLMAN

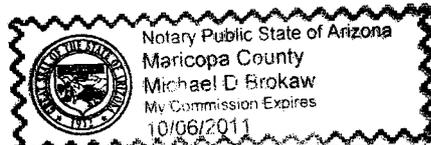
7 STATE OF ARIZONA )  
8 County of Maricopa ) ss

9 SUBSCRIBED AND SWORN TO BEFORE me this 31 day of August, 2010.

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12 NOTARY PUBLIC

13 My commission expires:

14 10-06-2011



15 SELLMAN WEIS MORTGAGE &  
16 INVESTMENT CORPORATION

17   
18 By \_\_\_\_\_

19 Its President/Director

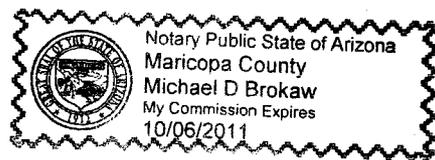
20 STATE OF ARIZONA )  
21 County of Maricopa )

22 SUBSCRIBED AND SWORN TO BEFORE me this 31 day of August, 2010.

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25 NOTARY PUBLIC

26 My commission expires:

10-06-2011



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

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SERVICE LIST FOR:

Todd Allan Hoss, Rick Sellman  
Sellman Weis Mortgage & Investment  
Corporation

Todd A. Hoss  
644 South Figueroa  
Old Engine No 28  
Los Angeles, CA 90017

Todd A. Hoss  
7950 E. Acoma Dr. Ste. 207  
Scottsdale, Arizona 85260

Rick Sellman  
7950 E. Acoma Dr. Ste. 207  
Scottsdale, Arizona 85260

Sellman Weis Mortgage & Investment Corporation  
7950 E. Acoma Dr. Ste. 207  
Scottsdale, Arizona 85260