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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

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

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In the matter of
BRIAN PATRICK LANGENBACH (d.b.a.)
"LAND-CORP OF ARIZONA, INC.") and
SHERI LYNN BARBARA
LANGENBACH, husband and wife,

Respondents.

DOCKET NO. S-20758A-10-0384

DECISION NO. 71962

ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY: RESPONDENT BRIAN PATRICK LANGENBACH

Respondents BRIAN PATRICK LANGENBACH and his spouse SHERI LYNN BARBARA LANGENBACH 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 Restitution, Order For Administrative Penalties ("Order") and Consent To Same. 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. At all times relevant, respondent BRIAN PATRICK LANGENBACH ("LANGENBACH") has been a married man and an Arizona resident. At all times relevant, LANGENBACH offered and sold unregistered investments within or from Arizona in his individual capacity, and on behalf of LAND-CORP OF ARIZONA, INC. ("LAND-CORP") as its owner and

1 president. LANGENBACH has not been registered as a securities salesman or dealer by the
2 Commission.

3 2. LAND-CORP was formed as an Arizona corporation by LANGENBACH on January
4 5, 2005. LAND-CORP was administratively dissolved as an Arizona corporation by the Corporations
5 Division of the Commission on January 15, 2007, for its failure to file any annual reports. At all times
6 relevant, LAND-CORP maintained a principal place of business in Gilbert, Arizona, and it issued
7 investments within or from Arizona. LAND-CORP has not been registered as a securities dealer by
8 the Commission.

9 3. Respondent SHERI-LYNN BARBARA LANGENBACH was at all relevant times
10 the spouse of LANGENBACH. SHERI-LYNN BARBARA LANGENBACH may be referred to as
11 "SPOUSE." SPOUSE is joined in this action under A.R.S. § 44-2031(C) solely for purposes of
12 determining the liability of the marital community.

13 4. At all times relevant, LANGENBACH was acting for his own benefit and for the
14 benefit or in furtherance of LANGENBACH and SPOUSE's marital community.

15 A. Stock Securities

16 5. From on or about August 2009 to September 2009, LANGENBACH offered and
17 sold unregistered stock issued by Petro America Corp. ("PAC") within or from Arizona.

18 6. PAC was incorporated as a Kansas corporation on April 13, 2007. At all times
19 relevant, PAC's president, secretary and/or chief executive officer has been Israel Owen Hawkins
20 ("Hawkins"). At all times relevant, PAC maintained business addresses in Kansas City, Kansas
21 and Kansas City, Missouri. PAC stock is not registered to be offered or sold within or from
22 Arizona.

23 7. In 2009, LANGENBACH purchased 10,000,000 shares of PAC stock from a large
24 PAC shareholder and "representative" (the "PAC Insider") for approximately \$.01 per share.
25 LANGENBACH acquired this PAC stock from the PAC Insider for the sole purpose of reselling it
26 to raise money, in part, to fund his real estate business operations discussed further below.

1 8. At all times relevant, PAC's website at www.petroamericacorp.com stated that PAC
2 is the "PEOPLE'S COMPANY" with "WORLD SUCCESS UNRIVALED." At all times relevant,
3 the "welcome" page of the PAC website stated that PAC's "goal is to be the premier global crude
4 oil marketer and energy arbitrageur" and that it "engages in shared production agreements for
5 exploration, production, and marketing in the upstream and downstream energy sectors."

6 9. From on or about August 2009 to October 2009, LANGENBACH sold
7 approximately 2,399,150 shares of the PAC stock that he acquired from the PAC Insider for
8 approximately \$.20 per share for a total offering of \$474,030 to 187 investors.

9 10. LANGENBACH caused PAC stock investor money to be deposited and/or wired
10 into Arizona bank accounts owned and controlled by LANGENBACH.

11 **B. Real Estate Investment Securities**

12 11. From on or about April 2006 to February 2007, LANGENBACH individually and
13 on behalf of LAND-CORP offered and sold unregistered real estate based investments within or
14 from Arizona.

15 12. At all times relevant, LANGENBACH represented to investors that he and LAND-
16 CORP were in the business of buying, developing and selling real estate (the "Business"). At all
17 times relevant, LANGENBACH represented to investors that LANGENBACH would pool investor
18 funds together and/or combine them to fund and promote LANGENBACH's real estate Business
19 for their mutual profit (the "Real Estate Investment(s)").

20 13. LANGENBACH sold eleven Real Estate Investments totaling \$1,260,250 to six
21 investors residing in Arizona, California and New York. LANGENBACH deposited Real Estate
22 Investment funds with an Arizona title and escrow company (the "Arizona Title Company") and
23 into an Arizona bank account (the "Arizona Bank Account") owned and/or controlled by
24 LANGENBACH. At all times relevant, LANGENBACH was the sole signor on the Arizona Bank
25 Account, and he had the authority and discretion to control the investor monies deposited with the
26 Arizona Title Company.

1 14. The terms and conditions of the Real Estate Investments varied. For instance,
2 LANGENBACH sold two Real Estate Investments totaling approximately \$670,000 to a New York
3 investor in 2006 after having offered and explained the investment to him in Arizona.
4 LANGENBACH informed the investor that LANGENBACH and LAND-CORP would purchase
5 and develop forty acres of land in or near Tonopah, Arizona, in part, with the investor's money and
6 that the investor would receive back his principal investment plus approximately \$700,000 within
7 approximately six months to a year. To date, this investor has not received back his principal
8 investment and promised profits.

9 15. LANGENBACH also sold two Real Estate Investments to a relative of the first
10 investor in 2006 (the "Second Investor"). The Second Investor wired \$100,000 into
11 LANGENBACH's Arizona Bank Account on or about September 13, 2006, to purchase his first
12 Real Estate Investment. LANGENBACH promised the Second Investor that he would pay the
13 investor interest at the rate of approximately thirty percent per year, and the eventual return of his
14 principal Real Estate Investment on his successful conclusion of the real estate project(s) funded
15 with the investor's money.

16 16. The Second Investor also purchased a second Real Estate Investment by wiring
17 \$91,500 into LANGENBACH's Arizona Bank Account on December 4, 2006. LANGENBACH
18 represented to the Second Investor that he would use this money to fund a "large" real estate deal
19 that he was working on. In return, LANGENBACH issued and made an unsecured "Promissory
20 Note" in favor of the Second Investment dated December 15, 2006, and signed by LANGENBACH
21 in his individual capacity (the "Note"). The Note states that the Second Investor will receive: (a)
22 interest at the rate of thirty percent per year; and (b) a \$100,000 payment no later than the maturity
23 date of the Note on December 15, 2007.

24 17. LANGENBACH and LAND-CORP similarly issued and sold two, one year Real
25 Estate Investments to an Arizona relative of the first investor (the "Third Investor") totaling
26 \$200,000. The Third Investor's money was deposited with the Arizona Title Company, and into

1 the Arizona Bank Account. LANGENBACH documented the Third Investor's Real Estate
2 Investments by issuing and signing in his individual capacity two unsecured "Promissory Note[s]"
3 in favor of the Third Investor, including: (a) one dated May 1, 2006, that promises interest on the
4 principal investment at the rate of fifty percent per annum; and (b) one dated August 17, 2006, that
5 promises interest on the principal investment at the rate of thirty-seven percent per annum.

6 18. LANGENBACH also sold two Real Estate Investments totaling approximately
7 \$56,250 to a California resident (the "Fourth Investor"). These two Real Estate Investments were
8 documented by two unsecured "Promissory Note[s]" issued and signed by LANGENBACH in his
9 individual capacity dated March 31, 2006 and January 18, 2007. Both of these notes promise the
10 Fourth Investor interest on the principal at the rate of fifty percent per annum. The Fourth Investor
11 met LANGENBACH in Mesa, Arizona to discuss these Real Estate Investments. The Fourth
12 Investor agreed to extend one of his Real Estate Investments for another year due to
13 LANGENBACH's inability to repay the Fourth Investor at the conclusion of the original
14 investments.

15 **General Real Estate Investment Allegations**

16 19. LANGENBACH represented to the Real Estate Investment investors that he, LAND-
17 CORP and/or third-parties retained and/or controlled by them would manage all of the essential
18 aspects of the investments including, without limitation, the selection, evaluation, purchase,
19 development and/or resale of the real estate purchased with Real Estate Investment investor funds.

20 20. The Real Estate Investment investors' investment success was also dependent on,
21 and intertwined with the similar investment success of LANGENBACH and the continued viability
22 of LANGENBACH's real estate Business. For instance, LANGENBACH's real estate Business
23 failed, in part, due to the recent decline in the real estate market, and LANGENBACH was unable
24 to repay his Real Estate Investment investors as promised.

25 21. LANGENBACH issued partial repayment checks to the Real Estate Investment
26 investors drawn on his Arizona Bank Account totaling \$214,483.

1 **II.**

2 **CONCLUSIONS OF LAW**

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

5 2. From August 2009 to September 2009, LANGENBACH offered or sold securities in
6 the form of PAC stock within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-
7 1801(21), and 44-1801(26).

8 3. From April 2006 to February 2007, LANGENBACH individually, and on behalf of
9 LAND-CORP, offered or sold securities in the form of investment contracts and notes within or
10 from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

11 4. LANGENBACH violated A.R.S. § 44-1841 by offering or selling securities that
12 were neither registered nor exempt from registration.

13 5. LANGENBACH violated A.R.S. § 44-1842 by offering or selling securities while
14 neither registered as a dealer or salesman nor exempt from registration.

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

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

19 8. LANGENBACH's conduct is grounds for administrative penalties under A.R.S. §
20 44-2036.

21 9. LANGENBACH acted for the benefit of the marital community and, pursuant to
22 A.R.S. §§ 25-214 and 25-215, this order of restitution and administrative penalties is a debt of the
23 community.

1 at the time of the distribution, shall be disbursed on a pro-rata basis to the remaining investors
2 shown on the records of the Commission. Any funds that the Commission determines it is unable
3 to or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

4 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that LANGENBACH,
5 individually, and the marital community of LANGENBACH and SPOUSE, jointly and severally
6 shall pay an administrative penalty in the amount of \$50,000. Payment is due in full on the date of
7 this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue
8 interest as allowed by law.

9 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
10 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
11 shall be applied to the penalty obligation.

12 For purposes of this Order, a bankruptcy filing by LANGENBACH shall be an act of
13 default. If LANGENBACH does not comply with this Order, any outstanding balance may be
14 deemed in default and shall be immediately due and payable.

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

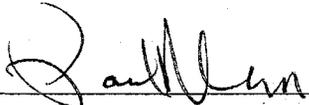
BY ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN



COMMISSIONER



COMMISSIONER

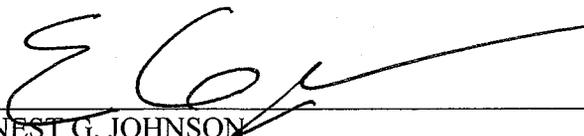


COMMISSIONER



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 5 day of November, 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.

(MD)

CONSENT TO ENTRY OF ORDER

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2 1. Respondent BRIAN PATRICK LANGENBACH (“LANGENBACH”) and his wife
3 SHERI LYNN BARBARA LANGENBACH (“SPOUSE”) admit the jurisdiction of the
4 Commission over the subject matter of this proceeding. LANGENBACH and SPOUSE
5 acknowledge that they have been fully advised of their right to a hearing to present evidence and
6 call witnesses and LANGENBACH and SPOUSE knowingly and voluntarily waive any and all
7 rights to a hearing before the Commission and all other rights otherwise available under Article 11
8 of the Securities Act and Title 14 of the Arizona Administrative Code. LANGENBACH and
9 SPOUSE acknowledge that this Order To Cease And Desist, Order For Restitution, Order For
10 Administrative Penalties (“Order”) constitutes a valid final order of the Commission.

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

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

16 4. LANGENBACH and SPOUSE acknowledge that they have been represented by an
17 attorney in this matter, they have reviewed this Order with their attorney, Robert J. Itri, Esq. of the
18 law firm Gallagher & Kennedy, P.A., and LANGENBACH and SPOUSE understand all terms it
19 contains. LANGENBACH and SPOUSE acknowledge that their attorney has apprised them of
20 their rights regarding any conflicts of interest arising from dual representation. LANGENBACH
21 and SPOUSE acknowledge that they have each given their informed consent to such representation.

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

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

8 7. While this Order settles this administrative matter between LANGENBACH,
9 SPOUSE and the Commission, LANGENBACH and SPOUSE understand that this Order does not
10 preclude the Commission from instituting other administrative or civil proceedings based on
11 violations that are not addressed by this Order.

12 8. LANGENBACH and SPOUSE understand that this Order does not preclude the
13 Commission from referring this matter to any governmental agency for administrative, civil, or
14 criminal proceedings that may be related to the matters addressed by this Order.

15 9. LANGENBACH and SPOUSE understand that this Order does not preclude any
16 other agency or officer of the state of Arizona or its subdivisions from instituting administrative,
17 civil, or criminal proceedings that may be related to matters addressed by this Order.

18 10. LANGENBACH agrees that he will not apply to the state of Arizona for registration
19 as a securities dealer or salesman or for licensure as an investment adviser or investment adviser
20 representative until such time as all restitution and penalties under this Order are paid in full.

21 11. LANGENBACH agrees that he will not exercise any control over any entity that
22 offers or sells securities or provides investment advisory services within or from Arizona until such
23 time as all restitution and penalties under this Order are paid in full.

24 12. LANGENBACH agrees that he will not sell any securities in or from Arizona
25 without being properly registered in Arizona as a dealer or salesman, or exempt from such
26 registration; he will not sell any securities in or from Arizona unless the securities are registered in

1 Arizona or exempt from registration; and he will not transact business in Arizona as an investment
2 adviser or an investment adviser representative unless properly licensed in Arizona or exempt from
3 licensure.

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

8 14. LANGENBACH and SPOUSE acknowledge that any restitution or penalties
9 imposed by this Order are obligations of LANGENBACH, and the LANGENBACH and SPOUSE
10 marital community.

11 15. LANGENBACH and SPOUSE consent to the entry of this Order and agree to be
12 fully bound by its terms and conditions.

13 16. LANGENBACH and SPOUSE acknowledge and understand that if they fail to
14 comply with any of the provisions of the Order and this Consent, the Commission may bring
15 further legal proceedings against LANGENBACH, and the LANGENBACH and SPOUSE marital
16 community, including application to the superior court for an order of contempt.

17 17. LANGENBACH and SPOUSE understand that default shall render
18 LANGENBACH, and the LANGENBACH and SPOUSE marital community liable to the
19 Commission for its costs of collection and interest at the maximum legal rate.

20 18. LANGENBACH and SPOUSE agree and understand that if they fail to make any
21 payment as required in the Order, any outstanding balance shall be in default and shall be
22 immediately due and payable without notice or demand. LANGENBACH and SPOUSE agree and
23 understand that acceptance of any partial or late payment by the Commission is not a waiver of
24 default by the Commission.

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SERVICE LIST FOR: *In re Brian Patrick Langenbach, et al.,*
Docket No. S-20758A-10-0384

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Attorneys for Brian Patrick Langenbach and
Sheri Lynn Barbara Langenbach

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