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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



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ARIZONA CORPORATION COMMISSION A 11:42

MEMORANDUM

DOCKET CONTROL

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

Arizona Corporation Commission
DOCKETED

NOV 22 2010

FROM: Matthew J. Neubert
Director of Securities

DOCKETED BY

DATE: November 15, 2010

RE: Miko D. Wady, et al. (Docket No. S-20716A-09-0574); Order to Cease and Desist, for Restitution, and for Administrative Penalties and Consent to Same by: Bobby G. Goodson

CC: Ernest G. Johnson, Executive Director

Attached is the proposed Order to Cease and Desist, for Restitution, and for Administrative Penalties and Consent to Same by: Bobby G. Goodson (the "Order"). The Order finds that, in connection with Miko Wady's 2008 sales to investor Deluxe Designs International, LLC ("Deluxe") of investments related to the production of concerts, Mr. Goodson violated A.R.S. § 44-1991. The Order requires Mr. Goodson to cease and desist his activity, pay \$2,298,236 in restitution, and pay an administrative penalty in the amount of \$25,000. The Commission previously entered an order against Respondents Miko D. Wady, Jennifer L. Savage and NATO Enterprises, L.L.C. on April 8, 2010 and against Malika S. Smith and CAA General Partnership ("CAA") on November 4, 2010.

The Order finds that Mr. Wady represented to Deluxe that the money Deluxe raised from its investors would be used to fund the production of concerts. Mr. Wady further represented to Deluxe that CAA was Creative Artists Agency, the international talent agency, and that CAA was a producer of the concerts. Based on these representations, Deluxe paid \$2,298,236 to CAA.

CAA is not Creative Artists Agency, but instead an Arizona general partnership given its name by Mr. Wady and whose partners are Ms. Smith and Bobby G. Goodson, the sister and former father-in-law of Mr. Wady, respectively. Ms. Smith and Mr. Goodson formed CAA and opened CAA bank accounts solely for the purpose of handling banking transactions related to what they believed to be was the concert production activity of Mr. Wady. Mr. Wady contacted Ms. Smith when Deluxe's money was received by CAA, then he instructed Ms. Smith on what to do with it. Nearly one million dollars received by CAA was paid to and/or transferred to accounts controlled by Mr. Wady.

Originator: William W. 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:
MIKO D. WADY and JENNIFER L. SAVAGE (f.k.a. JENNIFER L. WADY), formerly husband and wife;
NATO ENTERPRISES, LLC, an Arizona limited liability company;
MALIKA S. SMITH and KORY C. SMITH, formerly wife and husband;
BOBBY G. GOODSON and PAMELA D. GOODSON, husband and wife;
CAA GENERAL PARTNERSHIP, an Arizona general partnership;
MARIO K. REED, a single man;
PHOENICIAN ENTERTAINMENT, L.L.C., an Arizona limited liability company;
THURSTON SMITH and SHAVONE SMITH, husband and wife;
B.Y.B. ENTERTAINMENT, L.L.C., an Arizona limited liability company;
Respondents.

DOCKET NO. S-20716A-09-0574
DECISION NO. _____

ORDER TO CEASE AND DESIST, FOR RESTITUTION, AND FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY:

BOBBY G. GOODSON

Respondent BOBBY G. GOODSON ("GOODSON" or "Respondent") elects 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, for Restitution, and for Administrative Penalties ("Order"). Respondent admits the

1 jurisdiction of the Arizona Corporation Commission (“Commission”); admits the Findings of Fact
2 and Conclusions of Law contained in this Order; and consents to the entry of this Order by the
3 Commission.

4 **I.**

5 **NATURE OF THE CASE**

6 From February to August 2008, Miko D. WADY (“WADY”) and NATO Enterprises, LLC
7 (“NATO”) offered and sold at least \$2,910,000 of unregistered investment contracts in connection
8 with the production of concerts.¹ That amount includes \$2,760,000 sold to Deluxe Designs
9 International, LLC (“Deluxe”).² WADY made representations that Deluxe would fund the
10 production of each concert by paying the producer, then receive the revenue generated by the sale
11 of tickets that would not only repay the cost of the production, but result in a profit for Deluxe.

12 WADY represented to Deluxe that he arranged the funding for the production of concerts
13 nationwide for such artists as Keith Urban, Carrie Underwood, Radiohead, the Dave Matthews
14 Band, the Foo Fighters, 50 Cent, and R. Kelly. WADY further represented to Deluxe that funding
15 these concerts would be profitable and that enough money would be raised from concert ticket sales to
16 repay Deluxe’s principal investment and generate a profit of at least 25 percent.

17 WADY represented to Deluxe that NATO and Deluxe would share in the profit from the
18 ticket sales after Deluxe’s principal investment had been repaid. The profit-sharing with Deluxe is
19 described in the Joint Venture Agreements that identify the concerts to be funded by Deluxe and
20 that state the total amount of money required to produce each concert (“Event Cost”). The Joint
21 Venture Agreements state that, “The cash receipts from the [concert] remaining after payment of
22 the [Event Cost]...shall be referred to as the “Net Profits Receipts” and...shall be divided into
23 thirds and distributed: 1/3 according to the percentage of the amount of the initial cash contributed
24 by each Joint Venturer [one of Deluxe’s investors] for the Event [concert], 1/3 to NATO
25 Enterprises, and 1/3 to [Deluxe].”

26 ¹The findings of fact contained in this section of the Order were made by the Commission in Decision 71600.

² See also Decision 71303 in which the Commission found that Deluxe raised \$2,760,000 from investors.

1 WADY represented to Deluxe that he had a relationship with a "broker" who was to furnish
2 the services of the artists at the concerts. WADY further represented that the production of each
3 concert would be funded by Deluxe entering into a Performance Agreement with the broker and
4 Deluxe paying the producer of the concerts.

5 After forwarding its investment funds to the producer, Deluxe had no duties to perform or
6 responsibilities to fulfill in order to receive their promised profit. The Performance Agreements state,
7 among other things, that "the producer shall have exclusive control over the production...of the
8 [concert]..." WADY represented to Deluxe that the broker and producer, both of whom Deluxe has
9 never met, would produce the concerts, receive the money raised from ticket sales, repay Deluxe's
10 principal investment, and account for/pay Deluxe its profit based on "audit sheets" that purport to
11 show the number of tickets sold and amount of money raised from a concert.

12 All of the concert dates (from February to August 2008) came to pass and, although it received
13 audit sheets, Deluxe has received to date a total of only \$20,000 of its principal investment and none
14 of the promised profit. WADY represented to Deluxe that CAA GENERAL PARTNERSHIP
15 ("CAA") was one of the producers of the concerts and that CAA is Creative Artists Agency, the
16 international talent agency representing Keith Urban, Carrie Underwood, Radiohead, and the Dave
17 Matthews Band.

18 **II.**

19 **FINDINGS OF FACT**

- 20 1. GOODSON is, and was at all relevant times, a single man residing in Maricopa
21 County, Arizona. GOODSON is a partner of CAA.
- 22 2. CAA is an Arizona general partnership.
- 23 3. MALIKA S. SMITH ("SMITH") is a partner of CAA.
- 24 4. CAA is not Creative Artists Agency, but instead an Arizona general partnership
25 given its name by WADY and whose partners are SMITH and GOODSON, the sister and former
26 father-in-law of WADY, respectively.

1 paid in full. Interest in the amount of \$606,622.76 has accrued from the date of purchase to
2 November 4, 2010.

3 The Commission shall disburse the funds on a pro-rata basis to investors shown on the
4 records of the Commission. Any restitution funds that the Commission cannot disburse because an
5 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an
6 investor because the investor is deceased and the Commission cannot reasonably identify and
7 locate the deceased investor's spouse or natural children surviving at the time of the distribution,
8 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the
9 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse
10 shall be transferred to the general fund of the state of Arizona.

11 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent shall pay an
12 administrative penalty in the amount of \$25,000. Payment of this penalty obligation is due in full
13 on the date of this Order. Payment shall be made to the "State of Arizona." Any amount
14 outstanding shall accrue interest as allowed by law.

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

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

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

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

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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7 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
12 Executive Director of the Arizona Corporation Commission,
13 have hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of
15 Phoenix, this _____ day of _____, 2010.

16 _____
17 ERNEST G. JOHNSON
18 EXECUTIVE DIRECTOR

19 _____
20 DISSENT

21 _____
22 DISSENT

23 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA
24 Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

25 (ASL)

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CONSENT TO ENTRY OF ORDER

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2 1. Respondent admits the jurisdiction of the Commission over the subject matter of this
3 proceeding. Respondent acknowledges that he has been fully advised of his right to a hearing to
4 present evidence and call witnesses and he knowingly and voluntarily waives any and all rights to a
5 hearing before the Commission and all other rights otherwise available under Article 11 of the
6 Securities Act and Title 14 of the Arizona Administrative Code. Respondent acknowledges that
7 this Order To Cease And Desist, for Restitution, and for Administrative Penalties (“Order”)
8 constitutes a valid final order of the Commission.

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

12 3. Respondent acknowledges and agrees that this Order is entered into freely and
13 voluntarily and that no promise was made or coercion used to induce such entry.

14 4. Respondent understands and acknowledges that he has a right to seek counsel
15 regarding this Order and that he has had the opportunity to seek counsel prior to signing this Order.
16 Respondent acknowledges and agrees that, despite the foregoing, he freely and voluntarily waives
17 any and all right to consult or obtain counsel prior to signing this Order.

18 5. Respondent admits the Findings of Fact and Conclusions of Law contained in this
19 Order. Respondent agrees that he shall not contest the validity of the Findings of Fact and
20 Conclusions of Law contained in this Order in any present or future proceeding in which the
21 Commission or any other state agency is a party concerning the denial or issuance of any license or
22 registration required by the state to engage in the practice of any business or profession.

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

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

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

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

13 10. Respondent agrees that he will not apply to the state of Arizona for registration as a
14 securities dealer or salesman or for licensure as an investment adviser or investment adviser
15 representative at any time in the future.

16 11. Respondent agrees that he will not exercise any control over any entity that offers or
17 sells securities or provides investment advisory services within or from Arizona at any time in the
18 future.

19 12. Respondent agrees that he will continue to cooperate with the Securities Division
20 by, including but not limited to, providing complete and accurate testimony at any hearing in this
21 matter and cooperating with the state of Arizona in any related investigation or any other matters
22 arising from the activities described in this Order.

23 13. Respondent consents to the entry of this Order and agrees to be fully bound by its
24 terms and conditions.

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1 14. Respondent acknowledges and understands that, if he fails to comply with the
2 provisions of the order and this consent, the Commission may bring further legal proceedings
3 against him, including application to the superior court for an order of contempt.

4 15. Respondent understands that default shall render him liable to the Commission for
5 its costs of collection and interest at the maximum legal rate.

6 16. Respondent agrees and understands that, if he fails to make any payment as required
7 in the Order, any outstanding balance shall be in default and shall be immediately due and payable
8 without notice or demand. Respondent agrees and understands that acceptance of any partial or late
9 payment by the Commission is not a waiver of default by the Commission.

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Bobby G. Goodson
BOBBY G. GOODSON

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STATE OF ARIZONA)
14) ss
County of Maricopa)

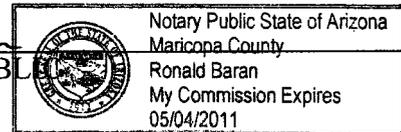
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SUBSCRIBED AND SWORN TO BEFORE me this 3rd day of NOVEMBER, 2010.

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Ronald Baran
NOTARY PUBLIC



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My commission expires:

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1 SERVICE LIST FOR: In the Matter of Miko D. Wady, et al.

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Bobby G. Goodson and
CAA General Partnership
c/o Jennifer Savage
1130 W. Longhorn Dr.
Chandler, AZ 85286

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Malika S. Smith and
CAA General Partnership
1175 W. Pecos Rd., No. 1038
Chandler, AZ 85224

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Mario K. Reed and
Phoenician Entertainment, L.L.C.
2310 West Tanque Verde Drive
Chandler, AZ 85224-8305

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10

Thurston Smith and
B.Y.B. Entertainment, L.L.C.
1456 E. Carob Pl.
Chandler, AZ 85286

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