

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

2010 DEC -8 P 12: 27

DOCKETED

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DEC -8 2010

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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In the matter of:

ROB THOMAS HITCHCOCK (CRD# 2946739), individually and doing business as Pillar Investment Services, a dissolved Arizona corporation, and SHELLY HITCHCOCK, husband and wife,

Respondents.

DOCKET NO. S-20771A-10-0487

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

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondent ROB THOMAS HITCHCOCK, individually and doing business as Pillar Investment Services, a dissolved Arizona corporation, has engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") and the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("IM Act").

I. JURISDICTION

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

II. RESPONDENT

2. At all times relevant, ROB THOMAS HITCHCOCK, individually and doing business as Pillar Investment Services, a dissolved Arizona corporation, was an Arizona resident residing in Chandler, Arizona. HITCHCOCK, individually and doing business as Pillar Investment Services, a dissolved Arizona corporation, may be referred to as "Respondent" or "HITCHCOCK."

1 11. In March 2010, HITCHCOCK was terminated by his employer for failure to
2 cooperate with an internal investigation being conducted.

3 12. The events leading to HITCHCOCK's termination began on December 9, 2009
4 when his employer was notified by its clearing firm that, on November 9, 2009, a \$100,000 wire
5 transfer had been made to an account in the name of the California Company from an account
6 belonging to one of HITCHCOCK's brokerage clients.

7 13. On December 10, 2009, HITCHCOCK's employer contacted him to request
8 additional information related to the wire transfer. HITCHCOCK had traveled to the client's home
9 in southern Arizona and completed the letter of instruction form required to effectuate the \$100,000
10 wire transfer from his client's brokerage account. In response to the request for additional
11 information, HITCHCOCK stated to his employer that he had no knowledge related to the
12 California Company to whom the funds were wired or the purpose for the wire transfer.

13 14. Subsequently, HITCHCOCK, after claiming to have contacted the client for
14 additional information, represented to his employer that the wire transfer made by his client
15 represented a loan to the client's friend, who was the owner of the California Company.

16 15. To ensure that HITCHCOCK had not received any compensation related to the
17 transaction involving the wire transfer, his employer requested that HITCHCOCK provide personal
18 and business bank statements. After initialing declining to provide the requested bank statements,
19 HITCHCOCK eventually did provide certain statements; however, HITCHCOCK did not provide
20 to his employer bank statements for November and December 2009, the time frame within which
21 the wire transfer from his client to the California Company occurred.

22 16. HITCHCOCK was terminated by his employer on or about March 15, 2010 for
23 failure to cooperate with an internal investigation.

24 17. In June 2010, HITCHCOCK applied for registration in Arizona as a salesman and
25 licensure in Arizona as an investment adviser representative.

26 ...

1 18. On September 7, 2010, HITCHCOCK appeared before the Division to provide
2 sworn testimony related to the events surrounding his termination from his employer. Immediately
3 prior to his testimony and in response to a subpoena served upon him for bank statements,
4 HITCHCOCK supplied his personal and business bank account statements for November and
5 December 2009.

6 19. A review of the December 2009 bank statement provided by HITCHCOCK for an
7 account in the name of HITCHCOCK and Shelly Hitchcock indicates a deposit, in the form of a
8 wire transfer, into the account on December 7, 2009, in the amount of \$7,000. In addition, a
9 subsequent deposit in the amount of \$3,000 was made into the account on December 21, 2009.

10 20. HITCHCOCK testified that the two deposits represented fees that he had received
11 for “business and estate planning work” that he had performed on behalf of an individual in
12 California (“California resident”). HITCHCOCK identified the individual by name.

13 21. HITCHCOCK further indicated that the California resident was an estate planning
14 and business client, but not an investment client.

15 22. When asked what type of estate planning work HITCHCOCK had performed for the
16 California resident, HITCHCOCK explained that he had put together a “revocable trust, irrevocable
17 trust, . . .” and did some business planning for the California resident.

18 23. HITCHCOCK further testified that he possessed a fee agreement related to the
19 services provided by him to the California resident.

20 24. HITCHCOCK testified that with regard to the \$100,000 wire transfer from his
21 client’s brokerage account, he had not received any type of commission related to the transaction.

22 25. HITCHCOCK testified that he did not have any relationship with the California
23 Company to whom his client’s wire transfer was made. HITCHCOCK stated further that he did not
24 know the name of the alleged “friend” to whom his client was wiring the money.

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1 26. Subsequent to HITCHCOCK's testimony, the Division received additional bank
2 records identifying the source of the two deposits, totaling \$10,000, made into HITCHCOCK's
3 bank account.

4 27. The source of both deposits is the same account, in the name of the California
5 Company, into which the wire transfer by HITCHCOCK's client was made. The memo line of the
6 \$3,000 check payable to HITCHCOCK and deposited into his account on December 21, 2009,
7 includes a reference to "Commission." The check is signed by the individual HITCHCOCK
8 identified as being someone for whom he did estate planning work and referred to above as the
9 "California resident."

10 28. In fact, the California resident is the president of the California Company to whom
11 HITCHCOCK's client transferred \$100,000.

12 29. On November 9, 2010, HITCHCOCK appeared before the Division to provide
13 additional, sworn testimony related to the events surrounding his termination and the substance of
14 his prior testimony to the Division on September 7, 2010.

15 30. When presented with the bank documents detailing the source of the deposits made
16 into his account, HITCHCOCK acknowledged that several of the statements made by him to both
17 his employer and the Division were false. During his November 9, 2010, sworn testimony before
18 the Division, HITCHCOCK acknowledged the following:

19 a. He had not performed any estate planning work for the California resident
20 whom he had identified in his testimony to the Division on September 7, 2010. As a result, the two
21 deposits into his bank account totaling \$10,000 did not represent fees received for completion of
22 estate planning work;

23 b. The two deposits into his bank account totaling \$10,000 represented
24 commissions he received related, in part, to the transaction involving the \$100,000 wire transfer
25 made by his client;

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1 c. The commissions paid to him were paid from the same bank account of the
2 California Company into which his client's funds had been wired;

3 d. He was familiar with the California Company prior to assisting his client
4 with completion of the wire transfer. In fact, prior to the time of the wire transfer to the California
5 Company by his client, HITCHCOCK had reached an agreement with the California Company to
6 be compensated for introducing HITCHCOCK's clients to the California Company for the purpose
7 of effecting transactions involving a security;

8 e. The individual to whom his client's funds were being wired was not a friend
9 of his client to whom the client was loaning funds, but rather an individual to whom HITCHCOCK
10 had introduced his client for the purpose of effecting a transaction involving a security;

11 f. HITCHCOCK acknowledged that the reason he refused to provide certain
12 bank statements to his employer was due, in part, to his belief that his employer would discover the
13 source of the \$10,000 received by HITCHCOCK;

14 31. On July 21, 2010, the Division requested, through the entity from which
15 HITCHCOCK's application for registration as a securities salesman and licensure as an investment
16 adviser representative had been received by the Commission, a notarized narrative from
17 HITCHCOCK explaining in precise detail his conduct with respect the events surrounding his
18 termination by his employer.

19 32. On August 11, 2010, the Division received a statement containing the notarized
20 signature of HITCHCOCK. The statement does not include any of the facts acknowledged by
21 HITCHCOCK through his sworn testimony provided to the Division on November 9, 2010,
22 testimony and set forth in paragraph 30 above (subparagraphs a-f).

23 33. In total, seven of HITCHCOCK's brokerage clients invested at least \$260,000 with
24 the California Company after being introduced by HITCHCOCK to the California Company. In
25 exchange for the investment, each of HITCHCOCK's clients received a promissory note issued by
26 the California Company.

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IX. ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if Respondent or Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

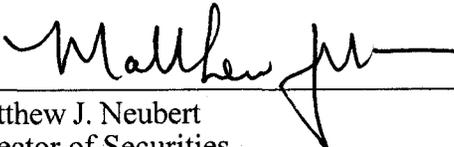
Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to William W. Black.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of the answering respondent or respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 8 day of December, 2010.


Matthew J. Neubert
Director of Securities