

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

2010 DEC 22 P 3: 26

COMMISSIONERS

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

AZ CORP COMMISSION
DOCKET CONTROL

In the matter of:

EDWIN A. SANCHEZ, a married man,

MELISSA SANCHEZ, a married woman,

GREGORY RIGBY and
JANE DOE RIGBY, husband and wife,

NEW RISE INVESTMENTS, L.L.C. (f.k.a.
"NEW EGG INVESTMENTS, L.L.C."), a
Florida limited liability company,

AZ REAL ESTATE GROUP, L.L.C., a
Florida limited liability company,

Respondents.

DOCKET NO. S-20778A-10-0513

TEMPORARY ORDER TO CEASE AND
DESIST AND NOTICE OF
OPPORTUNITY FOR HEARING

Arizona Corporation Commission
DOCKETED

DEC 22 2010

DOCKETED BY

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NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 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 Respondents EDWIN A. SANCHEZ, MELISSA SANCHEZ, GREGORY RIGBY, NEW RISE INVESTMENTS, L.L.C. (f.k.a. "NEW EGG INVESTMENTS, L.L.C."), and AZ REAL ESTATE GROUP, L.L.C., are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

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I.

JURISDICTION

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

II.

RESPONDENTS

2. At all times relevant, Respondent EDWIN A. SANCHEZ (“EDWIN SANCHEZ”) has been a married man and a Florida resident. At all times relevant, EDWIN SANCHEZ has been offering and/or selling the investments discussed below within Arizona on behalf of Respondents:

(a) NEW RISE INVESTMENTS, L.L.C. (f.k.a. “NEW EGG INVESTMENTS, L.L.C.”) (“NRI”) as its manager, co-owner and investment salesman; and (b) AZ REAL ESTATE GROUP, L.L.C. (“AZREG”) as its co-manager, co-owner and investment salesman. EDWIN SANCHEZ has not been registered by the Commission as a securities salesman or dealer.

3. At all times relevant, Respondent MELISSA SANCHEZ has been a married woman and a Florida resident. At all times relevant, MELISSA SANCHEZ has been offering and/or selling the investments discussed below within Arizona on behalf of: (a) NRI as its managing member, co-owner and investment salesman; and (b) AZREG as its registered agent, co-manager, co-owner and investment salesman. MELISSA SANCHEZ has not been registered by the Commission as a securities salesman or dealer.

4. At all times relevant, Respondent GREGORY RIGBY (“RIGBY”) has been a married man and a Florida resident. At all times relevant, RIGBY has been offering and/or selling the investments discussed below within Arizona on behalf of: (a) NRI as its “Director of Private Equity” and investment salesman; and (b) AZREG as its investment salesman. RIGBY has not been registered by the Commission as a securities salesman or dealer.

5. On or about November 1, 2009, NRI was organized by EDWIN and MELISSA SANCHEZ as a Florida limited liability company called New Egg Investments, L.L.C. (“NEI”). On

1 April 2, 2010, MELISSA SANCHEZ filed Articles of Amendment to NEI's Articles of
2 Organization with the Florida Department of State, Division of Corporations that changed NEI's
3 name to NRI. At all times relevant, NRI maintained its principal place of business in Lakeland and/or
4 Orlando, Florida, and it has been offering and/or selling the investments discussed below within
5 Arizona on its own behalf and on behalf of AZREG as its "Manager." NRI has not been registered by
6 the Commission as a securities dealer.

7 6. AZREG was organized by EDWIN and MELISSA SANCHEZ as a Florida limited
8 liability company on or about September 21, 2010. At all times relevant, AZREG maintained its
9 principal place of business in Lakeland and/or Orlando, Florida, and it issued and/or sold the
10 investments discussed below within Arizona. AZREG has not been registered by the Commission as
11 a securities dealer.

12 7. EDWIN SANCHEZ, MELISSA SANCHEZ, RIGBY, NRI and AZREG may be
13 referred to as "Respondent(s)."

14 8. At all times relevant, EDWIN SANCHEZ has been married to MELISSA SANCHEZ.

15 9. At all times relevant, Respondent JANE DOE RIGBY has been the spouse of RIGBY.
16 JANE DOE RIGBY may be referred to as "Respondent Spouse." Respondent Spouse is joined in this
17 action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the RIGBY and
18 RESPONDENT SPOUSE marital community.

19 10. At all relevant times, EDWIN and MELISSA SANCHEZ have been acting for their
20 own benefit and for the benefit or in furtherance of their marital community. At all relevant times,
21 RIGBY has been acting for his own benefit and for the benefit and in furtherance of RIGBY and
22 Respondent Spouse's marital community.

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1 III.

2 FACTS

3 A. Respondents' Apartment Business

4 11. From approximately December 9, 2010, to the present, Respondents have been
5 representing to offerees and investors within Arizona that Respondents are engaged in the business
6 of purchasing, renovating, operating and selling multi-family apartment buildings.

7 12. As generally explained on the home page of Respondents' main website at
8 www.newriseinvestments.com (the "First Website") titled "Safe Investments | Safe Investment
9 Strategy," under the heading "How Safe Investing Works":

10 New Rise buys the best multi-family apartment income properties in the most
11 promising US markets and invites partners like you to share in the gains.

12 We do all the legwork for you: researching and selecting the properties, preparing
13 the financing and equity partnership, and hiring professional property managers.

14 All you do is sit back and enjoy a steady passive income stream that will double
15 your investment, often in just a few years.

16 13. According to the "Strategies" page of Respondents' First Website under the heading
17 "Why Should You Invest In Apartment Buildings?", Respondents purchase apartment buildings, in
18 part, because:

19 a. "Now has never been a better time to own an apartment building";

20 b. "Demand for apartments is likely to exceed supply in the coming years thanks to a
21 'perfect storm' of economic and demographic events";

22 c. "[N]ew construction of multi-family properties dropped 15%" in 2008, "and plunged
23 another 31% in 2009 and [is] forecasted to plunge yet another 32% in 2010," thereby
24 limiting new apartment supply;

25 d. Former "middle class on down" homeowners "now need a place to live in order to
26 financially recover after losing a home to foreclosure or short sale..."; and,

1 e. "Due to these factors, apartment investments are likely to be worth dramatically
2 more in 2015 than in 2010!"

3 14. As similarly described in Respondents' recent print newspaper advertisement
4 discussed below, there is a "Long-Term Demand for Rental Apartments" because of the following
5 factors:

6 a. "Echo Boomers:" Nearly 4 million people turning 18 each year until 2020 will
7 become first time renters";

8 b. "Baby Boomers:" 4.1 million households aged 65+ rent in the US and will grow
9 exponentially as more and more of the 78 million baby boomers begin to retire";

10 c. "Strong immigration levels – immigration is expected to grow in the next decade
11 and 65% of immigrants are renters"; and,

12 d. "An estimated 93 million renters will be added to the market over the coming years!
13 This coupled with declining home-ownership rates and the limited supply of new
14 apartments will put a major strain on supply and demand. This will position
15 apartment owners to reap the benefits of an economic recovery."

16 **B. The AZREG and Related LLC Investments**

17 15. From at least December 2010 to the present, Respondents have been representing to
18 offerees and investors within Arizona that they are raising a "pool" of capital to fund their
19 acquisition and development of apartment buildings in "Emerging" markets like Phoenix, in part,
20 by offering and/or selling: (a) limited liability company ("LLC") membership interests in AZREG
21 (the "AZREG Investment(s)"); and (b) limited liability company membership interests in similar
22 "funding" LLCs formed by Respondents to acquire specific apartment buildings (the "LLC
23 Investment(s)"). The AZREG Investments and LLC Investments may be collectively referred to as
24 the "Investments" or singularly as an "Investment."

25 16. As explained on the "Strategies-How-It-Works" page of Respondents' First Website:
26

1 New Rise Investments offers private equity investment opportunities – specifically,
2 investments in real estate or apartment buildings with other accredited investors.
3 This process is called “real estate syndication.”

4 ...

- 5 • Working with New Rise Investments, several private investors commit to
6 purchase an interest in the apartment complex recommended by New Rise. The
7 advantages of pooling versus individual investing are that either, for a given
8 property, the investors can participate with a smaller capital commitment or, for
9 a given [apartment building purchase] commitment, can invest in more
10 diversified portfolio of properties.
- 11 • New Rise creates a “funding” LLC [like AZREG] to organize the investors,
12 collect funds, invest in the complex, and distribute quarterly profits. In a LLC
13 format, the investors become passive participants with liability limited to the
14 size of their investments. The general partner, New Rise, takes responsibility for
15 acquiring and managing properties, and bears full, unlimited liability. New Rise
16 organizes the pool and assumes the role of general partner...

17 17. At all times relevant, the “Strategies-How-It-Works” page of Respondents’ First
18 Web Page has stated that the Investments are “secured three ways through equity and appreciation,
19 profits, and property insurance.”

20 18. The Investments have not been registered with the Commission as securities to be
21 offered or sold within or from Arizona.

22 **C. Respondents' Advertising and/or Solicitation for Investment Investors**

23 **The First Website**

24 19. At all times relevant, Respondents have been publicly advertising and/or engaging in
25 a general solicitation for AZREG Investment investors within Arizona, in part, via their detailed
26 First Website that includes a page titled “Take Action” (the “Take Action Page”). The Take Action
Page includes NRI’s corporate logo and provides potential investors who reside in Arizona with a
form that they can complete to request more information regarding Respondents’ Investments.

20. The “About Us” page of Respondents’ First Website, under the heading “About
New Rise Investments” states:

New Rise Investments is a leading real estate investment firm committed to
providing you with national real estate investment opportunities and profitable,
superior risk adjusted returns while maintaining the highest standards of integrity.

1 New Rise Investments created a platform to act on investment opportunities
2 nationally. New Rise Investments, LLC together, with its management team, have
more than twenty five years of combined experience in acquiring apartment
complexes nationally.

3 New Rise Investments offers unique talents to real estate investors seeking safe,
4 solid, and consistent returns through profitable national real estate investment
opportunities. We measure our success through your trust. We invite you to join us
5 in that success.

6 21. The "Strategies-New-Acquisitions" page of Respondents' First Website states that
7 they have previously purchased apartment building investments located in Tucson, Arizona,
8 Georgia, Texas and throughout Florida, and states, "[t]o learn more about how New Rise
9 Investments can help you develop an income stream with a high rate of return, call or email us
10 today."

11 22. The "Take Action," "About Us," "News," "Blog," "Issues," "Strategies," investor
12 "Testimonials," and "Contact Us" pages of Respondents' First Website also include links to:

- 13 a. Two "E BOOKS," including a seventeen-page color PDF format brochure titled
14 "Multifamily Real Estate: The World's Best Investment," and a twelve-page color
15 PDF format brochure titled "Emerging Real Estate Markets: A Primer for Private
16 Equity Investors" (the "Primer E-Book"); and,
17 b. A link titled "Live Webinars" which when clicked, takes a potential Arizona
18 investor to page where they can complete a form to enable them to participate in two
19 "Live Webinars" conducted by Respondents to take place on January 4, 2011, titled
20 "The High-Return Benefits of Private Investing in Apartments," and "The 5 Biggest
21 Investment Challenges Facing Today's Wealthy 'Boomers.'"

22 23. Without limitation, the Primer E-Book states that: (a) Respondents' "mission" is to
23 "bring small and large investors together so that we can all achieve the same buying power and
24 benefits enjoyed by larger investors in the purchase of commercial real estate"; and (b) that
25 Respondents also invest their own money "in every apartment building" purchased by them, in part,
26

1 with Investment investor money because, "If we're not willing to put our own money in a property,
2 then we won't ask you to, either."

3 **The Newspaper Advertisement**

4 24. Respondents also recently published a full page, color advertisement on the back of
5 the December 9, 2010, edition of the *Arizona Business Gazette* regarding Respondents' "Safe and
6 Secured" Investments (the "Advertisement"). The Advertisement includes the NRI logo,
7 Respondents' toll-free telephone number and urges potential Arizona investors to contact
8 Respondents so they can "rush you" their "**FREE DISCOVERY INVESTMENT KIT** with a
9 Special Research Study, 'The 5 Biggest Investment Challenges Facing Today's Boomers.'"
10 (emphasis in original)

11 25. The Advertisement states that: (a) NRI is a "real estate investment firm" that will
12 combine the investments of "small and large investors" together to purchase and operate apartment
13 buildings so that Respondents' investors "can achieve the same buying power and returns as larger
14 institutional investors do"; and (b) that Respondents' investments will provide investors with
15 annual returns of fifteen to twenty-five percent, along with significant tax advantages, so that they
16 can enjoy the promised "Worry-Free Retirement!"

17 26. Regarding senior citizens and/or potential retirees, the Investment Advertisement
18 includes a photo of an older, smiling couple, and states, in part:

19 **"At Last, a Safe and Secured Investment That Will**
20 **Earn You a 15-25% Annual Return That Ensures**
You a Worry-Free Retirement!"

21 Do you know, since 2008, Americans have lost over 7.4 Trillion dollars in their
22 individual stock portfolios and pension plans? A Recent study by the AARP reveals
23 that 69% of "boomers" will have to spend less in retirement than they are spending
24 now. Many have delayed retirement and you may be wondering if you will outlive
your retirement funds. Boomers face new challenges unknown to previous
generations and these challenges will impact your ability to maintain a financially
secure retirement in the future.

25 **What will it take to create a secure future for you?**

26 A recent JP Morgan Market Pulse: Alternative Assets Survey reveals Institutional
investors are pushing aside stocks and traditional investments in favor of apartment

1 building investing; have RECENTLY increased ownership of **multi-family**
2 **properties** and indicate that apartment buildings will provide one of the greatest
investment opportunities over the coming years. (emphasis in original)

3 27. The Advertisement describes the benefits of purchasing the Investments as follows:

4 **How Apartment Building Investing Will Benefit You:**

- 5 a. "High spendable monthly passive income + appreciation – will help you become
6 financially free";
- 7 b. "Control over your retirement money – just ask the people whose entire retirement
was dependent on Enron!";
- 8 c. "Hands off management – you don't have to sacrifice your lifestyle!";
- 9 d. "Quick return of investment – reducing risk no matter your age or economic
10 circumstance";
- 11 e. "Recession proof during economic downturn – your money is protected!";
- 12 f. "Diversity from stocks – protect yourself from losses in a real, tangible asset that
you can see and touch!";
- 13 g. "Use your IRA – self-direct your traditional IRA or 401K to investment in apartment
14 buildings";
- 15 h. "Tax advantages – pay less to Uncle Sam and more to your pocket";
- 16 i. "Hedge against inflation – have more purchasing power to buy more"; and,
- 17 j. "With all of these factors combined you will experience the lifestyle you deserve for
you and your family!" (emphasis in original)

18 28. The *Arizona Business Gazette* is published once a week on Thursdays, or four times
19 a month, and is distributed to well over 1,000 Arizona subscribers.

20 **The Second Website**

21 29. The Advertisement also identifies a second website published by Respondents
22 regarding the investments at www.newriseinfo.com (the "Second Website"). The Second Website
23 includes: (a) NRI's corporate logo and all of the investment solicitation information set forth
24 above; (b) a link to Respondents' First Website; (c) a form that potential Arizona investors can fill
25 out to receive a "FREE Discovery Investment Kit, While Supplies Last," including a DVD and
26

1 “Free Consultation;” and (d) written testimonials apparently submitted by Respondents’ existing
2 apartment building investors.

3 **D. The Potential Arizona Investor and the Emailed AZREG Investment**
4 **Documentation**

5 30. On or about December 13, 2010, a potential Arizona investor (the “PAI”) viewed
6 from Arizona the Advertisement, and First and Second Websites, and requested additional
7 information regarding Respondents’ Investments as instructed by sending an email to the email
8 address listed on the First and Second Websites.

9 31. In response, RIGBY sent an email to the PAI on December 14, 2010 (the “First
10 RIGBY Email”), in his capacity as NRI’s “Director of Private Equity,” that included:

- 11 a. A forty-page “Confidential Private Placement Memorandum” (the “PPM”);
12 b. A related, eighteen-page, color “Property Package” detailing Respondents’ analysis
13 and due diligence regarding their potential purchase of the Apartment Complex (the
14 “Property Package”); and,
15 c. A general nineteen-page color NRI “Business Plan” that includes a detailed analysis
16 of Respondents’ apartment complex investment and operations strategies, market
17 analysis, projected cash flow and balance sheet, and related information (the
18 “Business Plan”).

19 32. The PPM states that: (a) Respondents’ AZREG Investments cost \$25,000 each; (b)
20 an investor must purchase a minimum of one AZREG Investment; and (c) that Respondents are
21 offering eight AZREG Investments, for a total AZREG Investment offering of \$200,000.

22 33. The PPM and Property Package set forth that Respondents will use the AZREG
23 Investment funds, in part, to purchase and/or improve a twenty-four unit, three-story, Class B
24 apartment complex located in Phoenix, Arizona (the “Apartment Complex”).

25 34. The Property Package states that Respondents have negotiated a purchase price for
26 the Apartment Complex of \$579,000, with seller or carry-back financing of seventy-five percent of

1 the purchase price or approximately \$434,250. The seller financed purchase loan will bear annual
2 interest at the rate of seven percent, with interest only payments being made by Respondents for
3 two years at which time the balance of the loan will become due and payable.

4 35. The Property Package indicates that Respondents will own and operate the
5 Apartment Complex for approximately five years, at which time they may chose to sell the
6 Apartment Complex, resulting in projected investor profits of approximately forty-two percent.
7 The Apartment Complex, if purchased, will be owned by AZREG, with NRI acting as AZREG's
8 managing member. The Apartment Complex will also be managed by a qualified third-party
9 property management company selected and controlled by Respondents.

10 36. According to the PPM: (a) NRI will own approximately thirty percent of AZREG at
11 the conclusion of Respondents' AZREG Investment offering; (b) EDWIN and MELISSA
12 SANCHEZ own one hundred percent of NRI; (c) EDWIN SANCHEZ is the "Manager" of NRI,
13 while MELISSA SANCHEZ is its "Managing Member;" and (d) NRI will be entitled to ninety
14 percent of the cash flow generated by AZREG and/or the Apartment Complex after the AZREG
15 Investment investors receive a minimal return of eight percent on their principal AZREG
16 Investments.

17 37. According to the PPM, an investor can purchase an AZREG Investment by: (a)
18 executing the attached subscription documents before a notary public, including an investor
19 questionnaire attesting to the investor's accreditation status; (b) providing the investor's name,
20 address and contact information; (c) making a check payable to AZREG in the amount of the
21 number of purchased AZREG Investments; and (d) sending said materials and money to RIGBY at
22 his Florida business address.

23 38. According to the NRI Business Plan, Respondents are seeking approximately
24 \$2,000,000 from investors to fund Respondents' apartment building business.

25 39. The First RIGBY email includes a link to the First Website, and states:

26 Thank you for responding to our ad in the Arizona Business Gazette. We're a real
estate private equity firm that specializes in acquiring apartment properties in

1 emerging markets nation wide to provide our investors with strong returns while
2 providing quality housing for tenants. I'm including the details of the current
3 property (and information on our company) in Phoenix that we are accepting
4 investment capital in return for equity ownership and +40% cumulative annual
5 returns.

6 40. The PPM and Property Package state that AZREG Investments are suitable for
7 "accredited investors" generally defined in the Property Package as a person who has an income of
8 \$200,000 per year, or a net worth of \$1,000,000.

9 41. The PAI is not accredited. RIGBY also did not ask the PAI if he was accredited
10 before RIGBY emailed the PAI the PPM, Property Package and NRI Business Plan.

11 42. On December 14, 2010, the PAI requested additional information via email
12 regarding both the AZREG and LLC Investments. In response, on December 14, 2010, RIGBY
13 sent the PAI an email stating that Respondents were currently seeking AZREG Investments totaling
14 only \$175,000, and with an attachment showing "what an investor could expect to receive for
15 purchasing the apparently remaining AZREG Investments" that, as discussed above, were
16 represented to the PAI as "an attractive deal."

17 43. On October 14, 2010, the PAI sent RIGBY a third email asking RIGBY about how
18 the AZREG Investments would be secured and/or "collateralized", and whether there were other
19 LLC Investments being offered or sold. In response, on October 14, 2010, RIGBY sent the PAI a
20 third email that states, in part:

21 We are always evaluating various deals at any time, however, we fund one
22 investment at a time. Thus, you could invest in this specific property now and then
23 funnel additional funds towards the next project in as little as a few weeks. In fact,
24 we can acquire a property especially for you where you would be the sole investor
25 on the property, receiving a 70% equity stake on the appreciation and a premium
26 return from the cash flow.

Should you choose to move forward, the [AZREG] investment is secured through
built-in equity already at 300k, cash flow and appreciation, and insurance on the
property. In addition, the property manager...is accredited and has been recognized
as one of the best in the industry over the last 10 years. More importantly, our team
is experienced and focused on maximizing the value of investors' capital. **In fact,
we are so confident in the performance of...[the Apartment Complex], that if
you are unhappy at any time during the first year (unhappy meaning the
returns are not at least what we've stated), then we'd buy out your entire**

1 **invested amount of equity and you would have no further obligations with New**
2 **Rise. So, it's really like a 1 year free trial offer.**

3 ...no other firm is willing to offer this assurance. We do this because we are
4 confident in our ability to help you achieve your investment goals, confident in the
5 investments we offer, and because we want you to continue to work with us.

6 **E. General Investment Allegations**

7 44. At all times relevant, Respondents have been representing to offerees and investors
8 that Respondents and/or their authorized agent will manage the essential elements of the
9 Investments and, without limitation: (a) research and perform a market analysis, and then locate
10 prospective apartment buildings "in emerging markets across the US"; (b) analyze "prospective
11 properties with regard to income, expenses, title and zoning, location, 3rd party inspection and
12 appraisal, and review of the Sellers['] representations"; (c) negotiate the purchase price for an
13 apartment building, and arrange for related purchase financing; (d) arrange for and participate in
14 real estate closings; (e) operate, manage and/or improve acquired apartment buildings, including
15 the preparation of related budgets; and (f) "work diligently to minimize vacancies, negotiate
16 favorable rents and terms, and attract high-quality tenants resulting in lower risks to the property's
17 income stream."

18 45. At all times relevant, Respondents have been representing to offerees and investors
19 that Respondents' ability to repay investors their principal investments and projected profits and the
20 investors' risk of loss of their investments is interwoven with and primarily dependent on: (a)
21 Respondents' extensive real estate investment expertise and ability to profitably acquire, operate
22 and/or resell the apartment buildings acquired with investor funds; and (b) Respondents' continued
23 viability as apartment building developers.

24 46. Without limitation, the "About Us" and/or "Team Page" of Respondents' First
25 Website emphasizes Respondents' education, and states that: (a) EDWIN SANCHEZ "has
26 successfully owned and managed his own Multifamily investment properties since 2004," and that
his "Multifamily real estate investment philosophy involves identifying value-add [sic]
opportunities that generate competitive returns on investment for our clients, regardless of market

1 trends”; (b) MELISSA SANCHEZ “has previously owned Multifamily investment properties for
2 the past 6 years and has been successful in self-managing her own investment properties as well as
3 her clients”; and (c) RIGBY “has more than 10 years experience in senior level roles delivering
4 superior absolute returns for high-net worth individuals, institutional investors and organizations.”

5 **IV.**

6 **VIOLATION OF A.R.S. § 44-1841**

7 **(Offer and Sale of Unregistered Securities)**

8 47. From on or about December 2010 to the present, Respondents have been offering or
9 selling securities in the form of investment contracts, within or from Arizona.

10 48. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
11 Securities Act.

12 49. This conduct violates A.R.S. § 44-1841.

13 **V.**

14 **VIOLATION OF A.R.S. § 44-1842**

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

16 50. Respondents are offering or selling securities within or from Arizona while not
17 registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

18 51. This conduct violates A.R.S. § 44-1842.

19 **VI.**

20 **TEMPORARY ORDER**

21 **Cease and Desist from Violating the Securities Act**

22 THEREFORE, based on the above allegations, and because the Commission has determined
23 that the public welfare requires immediate action,

24 IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents,
25 their agents, servants, employees, successors, assigns, and those persons in active concert or
26 participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

1 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
2 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

3 IT IS FURTHER ORDERED that this Order shall be effective immediately.

4 **VII.**

5 **REQUESTED RELIEF**

6 The Division requests that the Commission grant the following relief:

7 1. Order Respondents to permanently cease and desist from violating the Securities Act
8 pursuant to A.R.S. § 44-2032;

9 2. Order Respondents to take affirmative action to correct the conditions resulting from
10 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
11 A.R.S. § 44-2032;

12 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
13 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

14 4. Order that the marital communities of EDWIN and MELISSA SANCHEZ, and
15 RIGBY and Respondent Spouse are subject to any order of restitution, rescission, administrative
16 penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

17 5. Order any other relief that the Commission deems appropriate.

18 **VIII.**

19 **HEARING OPPORTUNITY**

20 Each Respondent including Respondent Spouse may request a hearing pursuant to A.R.S.
21 § 44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a**
22 **hearing, the requesting respondent must also answer this Temporary Order and Notice.** A
23 request for hearing must be in writing and received by the Commission within 20 days after service
24 of this Temporary Order and Notice. The requesting respondent must deliver or mail the request
25 for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix,
26 Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-

1 3477 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.
2 Additional information about the administrative action procedure may be found at
3 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

4 If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to
5 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or
6 ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order**
7 **shall remain effective from the date a hearing is requested until a decision is entered.** After a
8 hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with written
9 findings of fact and conclusions of law. A permanent Order may include ordering restitution,
10 assessing administrative penalties, or other action.

11 If a request for hearing is not timely made, the Division will request that the Commission make
12 permanent this Temporary Order, with written findings of fact and conclusions of law, which may
13 include ordering restitution, assessing administrative penalties, or other relief.

14 Persons with a disability may request a reasonable accommodation such as a sign language
15 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
16 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
17 Requests should be made as early as possible to allow time to arrange the accommodation.

18 IX.

19 ANSWER REQUIREMENT

20 Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing,
21 the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to
22 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007,
23 within 30 calendar days after the date of service of this Temporary Order and Notice. Filing
24 instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
25 Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.
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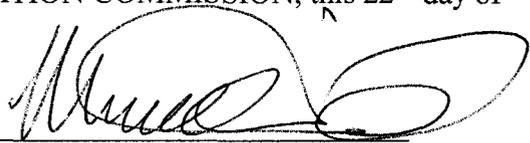
Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Mike Dailey.

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of the answering respondent or the 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.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 22nd day of December, 2010.



Mark Dinell
Assistant Director of Securities