

NEW APPLICATION



0000123801

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

Arizona Corporation Commission

DOCKETED

MAR 16 2011

2011 MAR 16 P 2:01

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY	nr
-------------	----

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

In the matter of:

WELDON BEALL, an unmarried man,
and
WELDON LLC, an Arizona limited liability
company,

Respondents.

DOCKET NO. S-20792A-11-0114

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES 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 respondents WELDON BEALL and WELDON LLC have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

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. WELDON BEALL ("W. BEALL"), an Arizona resident, was at all relevant times the manager of WELDON LLC.

1 investment agreements set forth the specific investment amount and a specific amount each
2 investor would receive as an initial payment on their investment. The investment agreements also
3 set forth a specified amount from the sale and/or license of the displayable money vault that the
4 majority of investors would receive, in addition to the initial payments. Examples are set forth
5 below:

- 6 a) One investor invested \$7,000 with an expected return of \$50,000 from the
7 revenue received from the sale or license of any of the intellectual property.
8 Further, the investment agreement specified that this investor would receive
9 thirty-five percent of all revenue received from the sale or license of the
10 intellectual property up to a total of \$500,000 including the initial \$50,000.
- 11 b) Another investor invested \$30,000 with an expected return of \$34,000 in
12 revenue received from the sale or license of any of the intellectual property.
13 Further, the investment agreement specified that this investor would receive
14 up to \$1,000,000 from all revenue received from the sale of license of the
15 intellectual property.
- 16 c) Another investor invested \$25,000 with an expected return of \$35,000 in
17 revenue received from the sale or license of any of the intellectual property.
18 Further, the investment agreement specified that this investor would receive
19 up to \$1,000,000 from all revenue received from the sale of license of the
20 intellectual property.
- 21 d) Another investor invested "\$20,000 to pay for the protection of the
22 intellectual property by converting the patent application into a utility Patent
23 Application, filing a PCT patent application and filing a patent application in
24 Macao." In return, the investor would receive \$205,000 in revenue received
25 from the sale or license of any of the intellectual property.
26

1 e) One investor invested "\$30,000 to pay for the marketing of the intellectual
2 patent." In return, the investment agreement specified that the investor would
3 receive "\$34,000 in revenue received from the sale or license of any of the
4 intellectual property." Further, after the payment of \$34,000 this investor is
5 entitled to an additional \$2,000,000 including the return of his principal.

6 10. Respondents would retain any funds above what was owed to investors.

7 11. The investors had no management role in WELDON or in the development of the
8 patent. W. BEALL was to negotiate with the casinos and sell the displayable money vault system.
9 W. BEALL, individually and as manager of WELDON, made all decisions related to the patent and
10 development of the displayable money vault.

11 12. W. BEALL represented to investors that a buyer, a well-known casino, had already
12 been located and W. BEALL was waiting for the payment of \$51 million from the casino.
13 According to a number of investors, W. BEALL showed a copy of a letter from the casino to the
14 investors allegedly confirming the purchase of a displayable money vault. However, W. BEALL
15 would not allow investors to keep a copy of the letter.

16 13. The casino that BEALL alleged had purchased the displayable money vault denies
17 ever entering into a contract for the purchase.

18 14. In some instances, W. BEALL backdated the investment agreements. W. BEALL
19 told investors he backdated the investment agreements for tax reasons.

20 15. Respondents had no other source of income other than the investors' funds.
21 Although W. BEALL used some of the funds to pay for the patent attorneys, schematics, a video
22 and other costs associated with the marketing and promotion of the displayable money vault, the
23 majority of the investors' funds were utilized for W. BEALL's living expenses, golf and payments
24 to his significant other.

25 16. Respondents never developed a prototype of the displayable money vault.

26 17. Respondents are not registered as securities dealers or salesmen.

1 IV.

2 VIOLATION OF A.R.S. § 44-1841

3 (Offer or Sale of Unregistered Securities)

4 18. From on or about December 2007 through November 2009, Respondents offered or
5 sold securities in the form of investment contracts, within or from Arizona.

6 19. The securities referred to above were not registered pursuant to Articles 6 or 7 of the
7 Securities Act.

8 20. This conduct violates A.R.S. § 44-1841.

9 V.

10 VIOLATION OF A.R.S. § 44-1842

11 (Transactions by Unregistered Dealers or Salesmen)

12 21. Respondents offered or sold securities within or from Arizona while not registered as
13 dealers or salesmen pursuant to Article 9 of the Securities Act.

14 22. This conduct violates A.R.S. § 44-1842.

15 VI.

16 VIOLATION OF A.R.S. § 44-1991

17 (Fraud in Connection with the Offer or Sale of Securities)

18 23. In connection with the offer or sale of securities within or from Arizona, Respondents
19 directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements
20 of material fact or omitted to state material facts that were necessary in order to make the statements
21 made not misleading in light of the circumstances under which they were made; or (iii) engaged in
22 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon
23 offerees and investors. Respondents' conduct includes, but is not limited to, the following:

24 a) W. BEALL misrepresented to offerees and investors that the displayable
25 money vault had been sold to a casino for \$51 million when, in fact, there was no contract with any
26 casino to purchase the displayable money vault.

1 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin
2 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the
3 parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission
4 may, without a hearing, enter an order granting the relief requested by the Division in this Notice of
5 Opportunity for Hearing.

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

10 **IX.**

11 **ANSWER REQUIREMENT**

12 Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting
13 respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket
14 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within
15 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from
16 Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
17 <http://www.azcc.gov/divisions/hearings/docket.asp>.

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

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

26

