

OPEN MEETING ITEM

4/12/11

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

ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR



0000124082

Phoenix, AZ 85007  
TELEPHONE: (602) 542-4242  
FAX: (602) 594-7470  
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

ORIGINAL

MEMORANDUM

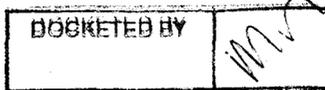
TO: Gary Pierce, Chairman  
Bob Stump  
Sandra D. Kennedy  
Paul Newman  
Brenda Burns

Arizona Corporation Commission

DOCKETED

MAR 28 2011

FROM: Matthew J. Neubert *MJN*  
Director of Securities



DATE: March 23, 2011

RE: Rob Thomas Hitchcock, *et al.* (Docket No. S-20771A-10-0487); Order to Cease and Desist, Order of Revocation, Order for Administrative Penalties and Consent to Same by: Respondents Rob Thomas Hitchcock and Shelly Hitchcock

CC: Ernest G. Johnson, Executive Director

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTACT

Attached is a proposed Order to Cease and Desist, Order of Revocation, Order for Administrative Penalties and Consent to Same by: Respondents Rob Thomas Hitchcock ("Hitchcock") and Shelly Hitchcock. The Order finds that Hitchcock submitted a document or supplement in connection with his securities salesman application that was incomplete, inaccurate or misleading; and effectuated the offering and selling of unregistered securities within or from the state of Arizona; and engaged in dishonest or unethical practices by effecting securities transactions that were not recorded on the records of the dealer with whom he was registered at the time of the transactions.

Hitchcock's conduct subjects him to an order of revocation of his registration as a securities salesman and his licensure as an investment adviser representative and an order of denial of his June 2010 application for registration as a securities salesman and licensure as an investment adviser representative. The Order requires Mr. Hitchcock to cease and desist his activity, revokes his registration as a securities salesman and licensure as an investment adviser representative and denies his June 2010 application for both registration as a securities salesman and licensure as an investment adviser representative. The Order further requires Mr. Hitchcock to pay an administrative penalty of \$7,500.

Originator: William W. Black

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE, Chairman  
4 BOB STUMP  
5 SANDRA D. KENNEDY  
6 PAUL NEWMAN  
7 BRENDA BURNS

8 In the matter of )

9 ROB THOMAS HITCHCOCK (CRD# )  
10 2946739), individually and doing business )  
11 as Pillar Investment Services, a dissolved )  
12 Arizona corporation, and SHELLY )  
13 HITCHCOCK, husband and wife, )

14 Respondents. )

DOCKET NO. S-20771A-10-0487

DECISION NO. \_\_\_\_\_

**ORDER TO CEASE AND DESIST, ORDER  
OF REVOCATION, ORDER FOR  
ADMINISTRATIVE PENALTIES AND  
CONSENT TO SAME  
BY: RESPONDENTS**

15 Respondent ROB THOMAS HITCHCOCK ("Respondent") and SHELLY HITCHCOCK  
16 ("Respondent Spouse") elect to permanently waive any right to a hearing and appeal under Articles  
17 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") and  
18 Articles 7 and 8 of the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.*  
19 ("Investment Management Act") with respect to this Order To Cease And Desist, Order of  
20 Revocation, Order For Administrative Penalties and Consent to Same ("Order"). Respondent and  
21 Respondent Spouse admit the jurisdiction of the Arizona Corporation Commission  
22 ("Commission"); admit only for purposes of this proceeding and any other proceeding in which the  
23 Commission or any other agency of the state of Arizona is a party, the Findings of Fact and  
24 Conclusions of Law contained in this Order; and consent to the entry of this Order by the  
25 Commission.

26 **I. FINDINGS OF FACT**

1. 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

1 Chandler, Arizona. HITCHCOCK, individually and doing business as Pillar Investment Services, a  
2 dissolved Arizona corporation, may be referred to as "Respondent" or "HITCHCOCK."

3 2. From October 10, 2007, to March 15, 2010, HITCHCOCK was licensed in Arizona as  
4 an investment adviser representative in association with Jonathan Roberts Advisory Group, Inc. (CRD  
5 #112294).

6 3. From June 20, 2007, to March 15, 2010, HITCHCOCK was registered in Arizona as a  
7 securities salesman with J.W. Cole Financial, Inc. (CRD #124583) ("J.W. Cole" or "employer").

8 4. As of June 30, 2010, HITCHCOCK has a pending application with the Commission  
9 for both registration as a securities salesman and licensure as an investment advisor representative.

10 5. HITCHCOCK has been licensed with the Arizona Department of Insurance as an  
11 insurance salesman since December 30, 1994, license number 28150.

12 6. According to the records of the Arizona Corporation Commission, Pillar Investment  
13 Services was incorporated in Arizona on January 2, 2002, and administratively dissolved by the  
14 Arizona Corporation Commission on June 11, 2008, for failure to file an annual report. HITCHCOCK  
15 was the president of Pillar Investment Services.

16 7. SHELLY HITCHCOCK, also referred to as Respondent Spouse, was at all relevant  
17 times the spouse of HITCHCOCK. Respondent Spouse is joined in this action under A.R.S. § 44-  
18 2031(C) and A.R.S. § 44-3291(C) solely for purposes of determining the liability of the marital  
19 community.

20 8. At all times relevant, HITCHCOCK was acting for his own benefit and for the benefit  
21 or in furtherance of his and Respondent Spouse's marital community.

22 9. From on or about January 2009 to at least November 2009, while employed as a  
23 securities salesman by J.W. Cole, HITCHCOCK introduced a number of his clients to an individual  
24 offering the sale of promissory notes issued by a California company that manufactures vitamin, herb  
25 and mineral dietary supplements ("California Company"). The promissory notes referred to above  
26

1 were not approved for sale by HITCHCOCK's employer and were not recorded on the books and  
2 records of his employer at the time of the sales.

3 10. In March 2010, HITCHCOCK was terminated by his employer for failure to  
4 adequately cooperate in a timely manner with an internal investigation being conducted by his  
5 employer.

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

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

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

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

25 15. HITCHCOCK was terminated by his employer on or about March 15, 2010 for  
26 failure to adequately cooperate in a timely manner with an internal investigation.

1           16.    In June 2010, HITCHCOCK applied for registration in Arizona as a salesman and  
2 licensure in Arizona as an investment adviser representative.

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

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

12           19.    HITCHCOCK testified that the two deposits represented fees that he had received  
13 for "business and estate planning work" that he had performed on behalf of an individual in  
14 California ("California resident"). HITCHCOCK identified the individual by name.

15           20.    HITCHCOCK further indicated that the California resident was an estate planning  
16 and business client, but not an investment client.

17           21.    When asked what type of estate planning work HITCHCOCK had performed for the  
18 California resident, HITCHCOCK explained that he had put together a "revocable trust, irrevocable  
19 trust . . ." and did some business planning for the California resident.

20           22.    HITCHCOCK further testified that he possessed a fee agreement related to the  
21 services provided by him to the California resident.

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

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1           24.     HITCHCOCK testified that he did not have any relationship with the California  
2 Company to whom his client's wire transfer was made. HITCHCOCK stated further that he did not  
3 know the name of the alleged "friend" to whom his client was wiring the money.

4           25.     Subsequent to HITCHCOCK's testimony, the Division received additional bank  
5 records identifying the source of the two deposits, totaling \$10,000, made into HITCHCOCK's  
6 bank account.

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

13           27.     In fact, the California resident is the president of the California Company to whom  
14 HITCHCOCK's client transferred \$100,000.

15           28.     On November 9, 2010, HITCHCOCK appeared before the Division to provide  
16 additional, sworn testimony related to the events surrounding his termination and the substance of  
17 his prior testimony to the Division on September 7, 2010.

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

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

26

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

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

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

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

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

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

22          31.    On August 11, 2010, the Division received a statement containing the notarized  
23 signature of HITCHCOCK. The statement, although it did not contain any misrepresentations,  
24 failed to include any of the facts acknowledged by HITCHCOCK through his sworn testimony  
25 provided to the Division on November 9, 2010, and set forth in paragraph 29 above (subparagraphs  
26 a-f).



1 not recorded on the records of the dealer with whom he was registered at the time of the  
2 transactions.

3 5. Respondent's conduct subjects Respondent to an order of revocation and an order of  
4 denial of his June 2010 application for licensure as an investment adviser representative filed with  
5 the Commission. Specifically, revocation of Respondent's license and denial of his application  
6 would be in the public interest, and Respondent has submitted a document or supplement in  
7 connection with his application that was incomplete, inaccurate or misleading, within the meaning  
8 of A.R.S. § 44-3201(A)(1).

9 6. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S.  
10 § 44-2032 and A.R.S. § 44-1962.

11 7. Respondent's conduct is grounds for administrative penalties pursuant to A.R.S.  
12 § 44-2036 and A.R.S. § 44-1962.

13 8. Respondent acted for the benefit of the marital community and, pursuant to A.R.S.  
14 §§ 25-214 and 25-215, this order of administrative penalties is a debt of the community.

### 15 III. ORDER

16 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's  
17 consent to the entry of this Order, attached and incorporated by reference, the Commission finds  
18 that the following relief is appropriate, in the public interest, and necessary for the protection of  
19 investors:

20 IT IS ORDERED, pursuant to A.R.S. § 44-2032 and A.R.S. § 44-1962, that Respondent,  
21 and any of Respondent's agents, employees, successors and assigns, permanently cease and desist  
22 from violating the Securities Act.

23 IT IS FURTHER ORDERED that Respondent and Respondent Spouse comply with the  
24 attached Consent to Entry of Order.

25 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent, individually,  
26 and the marital community of Respondent Spouse, jointly and severally shall pay an administrative

1 penalty in the amount of \$7,500. Payment is due in full on the date of this Order. Payment shall be  
2 made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that Respondent's securities  
4 salesman registration is revoked and his June 2010 application for registration as a securities  
5 salesman is denied.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent's investment  
7 adviser representative license is revoked and his June 2010 application for licensure as an  
8 investment adviser representative is denied.

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

12 IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the  
13 Commission may bring further legal proceedings against Respondent which in its discretion are  
14 legally permissible.

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

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 \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
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](mailto:sabernal@azcc.gov).

(wwb)

**CONSENT TO ENTRY OF ORDER**

1  
2           1.     Respondent ROB THOMAS HITCHCOCK ("Respondent") and SHELLY  
3 HITCHCOCK ("Respondent Spouse"), admit the jurisdiction of the Commission over the subject  
4 matter of this proceeding. Respondent and Respondent Spouse acknowledge that they have been  
5 fully advised of their right to a hearing to present evidence and call witnesses and they knowingly  
6 and voluntarily waive any and all rights to a hearing before the Commission and all other rights  
7 otherwise available under Article 11 of the Securities Act, Article 7 of the Investment Management,  
8 and Title 14 of the Arizona Administrative Code. Respondent and Respondent Spouse  
9 acknowledge that this Order To Cease And Desist, Order of Revocation, Order For Administrative  
10 Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

11           2.     Respondent and Respondent Spouse knowingly and voluntarily waive any right  
12 under Article 12 of the Securities Act and Article 8 of the Investment Management Act to judicial  
13 review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this  
14 Order.

15           3.     Respondent and Respondent Spouse acknowledge and agree that this Order is  
16 entered into freely and voluntarily and that no promise was made or coercion used to induce such  
17 entry.

18           4.     Respondent and Respondent Spouse have been represented by an attorney in this  
19 matter and have reviewed this order with their attorney, Jim Kneller, and understand all terms it  
20 contains. Respondent and Respondent Spouse acknowledge that their attorney has apprised them  
21 of their rights regarding any conflicts of interest arising from dual representation and acknowledge  
22 that they have each given their informed consent to such representation.

23           5.     Respondent and Respondent Spouse admit only for purposes of this proceeding and  
24 any other proceeding in which the Commission or any other agency of the state of Arizona is a  
25 party, the Findings of Fact and Conclusions of Law contained in this Order. Respondent and  
26 Respondent Spouse agree that they shall not contest the validity of the Findings of Fact and

1 Conclusions of Law contained in this Order in any present or future proceeding in which the  
2 Commission or any other state agency is a party concerning the denial or issuance of any license or  
3 registration required by the state to engage in the practice of any business or profession.

4 6. By consenting to the entry of this Order, Respondent and Respondent Spouse agree  
5 not to take any action or to make, or permit to be made, any public statement denying, directly or  
6 indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that  
7 this Order is without factual basis.

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

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

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

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

25 12. Respondent agrees that he will continue to cooperate with the Securities Division  
26 including, but not limited to, providing complete and accurate testimony at any hearing in this

1 matter and cooperating with the state of Arizona in any related investigation or any other matters  
2 arising from the activities described in this Order.

3 13. Respondent and Respondent Spouse acknowledge that any penalties imposed by this  
4 Order are obligations of the Respondent as well as the marital community of Respondent and  
5 Respondent Spouse Shelly Hitchcock.

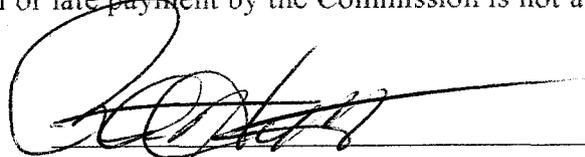
6 14. Respondent and Respondent Spouse consent to the entry of this Order and agree to  
7 be fully bound by its terms and conditions.

8 15. Respondent and Respondent Spouse acknowledge and understand that if they fail to  
9 comply with the provisions of the order and this consent, the Commission may bring further legal  
10 proceedings against them, including application to the superior court for an order of contempt.

11 16. Respondent and Respondent Spouse understand that default shall render them liable  
12 to the Commission for its costs of collection and interest at the maximum legal rate.

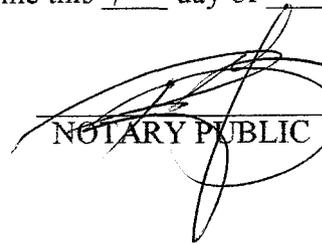
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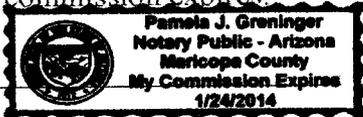
1 17. Respondent and Respondent Spouse agree and understand that if they fail to make  
2 any payment as required in the Order, any outstanding balance shall be in default and shall be  
3 immediately due and payable without notice or demand. Respondent and Respondent Spouse agree  
4 and understand that acceptance of any partial or late payment by the Commission is not a waiver of  
5 default by the Commission.

  
\_\_\_\_\_  
Rob Thomas Hitchcock

8 STATE OF ARIZONA )  
9 ) ss  
10 County of Maricopa )

11 SUBSCRIBED AND SWORN TO BEFORE me this 4<sup>th</sup> day of March, 2011.

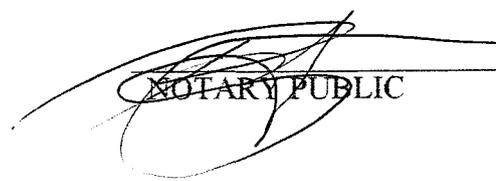
  
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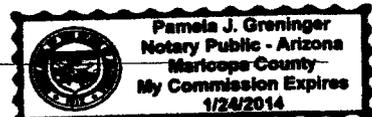
14 My commission expires:  
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\_\_\_\_\_  
Shelly Hitchcock

18 STATE OF ARIZONA )  
19 ) ss  
20 County of Maricopa )

21 SUBSCRIBED AND SWORN TO BEFORE me this 4<sup>th</sup> day of March, 2011.

  
\_\_\_\_\_  
NOTARY PUBLIC

24 My commission expires:  
25 

1 SERVICE LIST FOR: ROB THOMAS HITCHCOCK

2

3 NAME & ADDRESS

4 Rob Thomas Hitchcock  
824 East Glenmere Drive  
5 Chandler, Arizona 85225

6 Shelly Hitchcock  
824 East Glenmere Drive  
7 Chandler, Arizona 85225

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