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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, KENT M. AXTELL (“AXTELL”), individually and doing business as Sherlock Homes and Finding Homes for Investors, was an Arizona resident residing in Scottsdale, Arizona.

3. According to the records of the Arizona Corporation Commission, EXECUTIVE REAL ESTATE SOLUTIONS, L.L.C., was established on November 4, 2009. AXTELL is a member of EXECUTIVE REAL ESTATE SOLUTIONS, L.L.C.

4. JANIS C. AXTELL (“Respondent Spouse”) was at all relevant times the spouse of Respondent KENT M. AXTELL. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

5. At all times relevant, AXTELL was acting for his own benefit and for the benefit or in furtherance of his and Respondent Spouse’s marital community.

6. AXTELL, individually and doing business as Sherlock Homes and Finding Homes for Investors, and EXECUTIVE REAL ESTATE SOLUTIONS, L.L.C. may be referred to collectively as “Respondents.”

III. FACTS

7. From 2002 to 2010, Respondents represented to investors that Respondents were in the business of buying and selling real estate located in Arizona. According to promotional materials supplied to investors by Respondents, Respondents sought investors to provide investment funds to be used by Respondents to “purchase homes below market in the Greater Phoenix area.” According to Respondents, after a brief clean up, the homes would then be sold by Respondents to “fix-up investors” who would then upgrade and resell the properties at a profit.

1 properties once purchased, determining the value of the properties, attracting potential buyers, and
2 arranging for the handling of all aspects related to the sale of the properties.

3 15. Investors had no involvement in the investment beyond providing their investment
4 funds to Respondents.

5 16. Respondents profited from the sale of properties by retaining the difference between
6 the sale price of the properties less the expenses incurred to prepare the property for resale and
7 interest payments made to investors.

8 17. Investors provided their investment funds directly to Respondents who deposited the
9 funds into a bank account containing funds received from other investors. One such account was
10 titled "Investment Account." From these accounts containing the funds of various investors,
11 Respondents bought and sold real estate.

12 18. In exchange for their investment, Respondents provided investors with various
13 forms of documentation. Some investors were provided with a document titled "Standard
14 Notarized Promissory Note" or "Promissory Note" (collectively referred to as "Notes"). In other
15 instances, investors were provided with a document titled "Real Estate Investment Agreement."
16 The Notes and the Real Estate Investment Agreements were executed by AXTELL. In addition,
17 some of the Notes and Real Estate Investment Agreements included the personal guaranty of
18 AXTELL.

19 19. Some investors were provided with a "Real Estate Investment Agreement" that
20 included a provision securing the amount invested with a deed of trust recorded against real estate
21 and further set forth that if funds were reinvested with interest when the property sold, a
22 reinvestment bonus of \$200 would be added to the investment funds in addition to the interest
23 accrued.

24 20. In at least one instance, Respondents failed to record a deed of trust presented to an
25 investor for a specific property to secure the amount invested.

26

VI. VIOLATION OF A.R.S. § 44-1991

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

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

a) Representing to at least one investor that his investment would be secured by real estate purchased with his investment money, while failing to disclose to him that his investment would be effectively unsecured because Respondents would fail to record the deed of trust conveyed to the investor(s); and

b) Representing to at least one investor that his investment funds would be used to buy and sell real estate, while failing to disclose to him that his investment funds would be used to repay to another investor their principal investment amount.

33. This conduct violates A.R.S. § 44-1991.

34. AXTELL directly or indirectly controlled EXECUTIVE REAL ESTATE SOLUTIONS, L.L.C., within the meaning of A.R.S. § 44-1999. As a result, AXTELL is jointly and severally liable with, and to the same extent as, EXECUTIVE REAL ESTATE SOLUTIONS, L.L.C., for its violations of the anti-fraud provisions of the Securities Act set forth above.

VII. REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

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

...

1 Requests should be made as early as possible to allow time to arrange the accommodation.
2 Additional information about the administrative action procedure may be found at
3 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

4 **IX. ANSWER REQUIREMENT**

5 Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing,
6 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing
7 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
8 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be
9 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site
10 at <http://www.azcc.gov/divisions/hearings/docket.asp>.

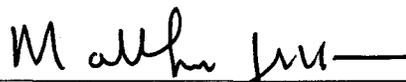
11 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
12 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
13 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
14 addressed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

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

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

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

24 Dated this 2 day of May, 2011.

25 
26 _____
Matthew J. Neubert
Director of Securities