

CARL J. KUNASEK
CHAIRMAN

JIM IRVIN
COMMISSIONER

WILLIAM A. MUNDELL
COMMISSIONER

NEW

OPEN MEETING ITEM



0000126753

ARIZONA CORPORATION COMMISSION

1999 SEP -3 P

RECEIVED
MARK SENDROW
DIRECTOR

SECURITIES DIVISION
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MEMORANDUM
ARIZONA CORPORATION COMMISSION DOCUMENT CONTROL

TO: Chairman Carl J. Kunasek
Commissioner Jim Irvin
Commissioner William A. Mundell

Arizona Corporation Commission
DOCKETED

FROM: Mark Sendrow *MS*
Director of Securities

SEP 13 1999

DATE: September 3, 1999

DOCKETED BY *[Signature]*

RE: Proposed Consent Order Revoking Securities Dealer Registration of Retirement Investment Group, Docket No. S-03339A-99-0000

CC: Brian C. McNeil, Executive Secretary

Attached is a proposed Order of Revocation, regarding the securities dealer registration of Retirement Investment Group ("Retirement"), based in Texas, on the grounds that Retirement was subject to an order of the Securities and Exchange Commission (the "SEC") revoking its registration as a broker-dealer in securities under the Securities Exchange Act of 1934. On April 1, 1999, Retirement filed a request to withdraw dealer registration in Arizona. Retirement's request was not granted and this action was filed to revoke said registration.

On or about February 2, 1999, the SEC revoked Retirement's registration and required Retirement to pay civil penalties, after finding that Retirement failed reasonably to supervise one of its registered representatives. In upholding the order of an administrative law judge, the SEC found that Retirement's president and responsible officer failed to review the representative's customer accounts pursuant to Retirement's internal supervisory procedures. The representative violated the anti-fraud provisions of the securities statutes in connection with the purchase and sale of approximately \$325,000 of limited partnership interests in 1991. The SEC found that Retirement's failure to perform supervisory duties resulted in the dealer's failure to observe that many of the customers who purchased the interests were elderly persons on fixed incomes, and that the investments were unsuitable in light of their riskiness and illiquidity.

On August 6, 1999, the Division properly served a copy of the Notice upon Retirement. Retirement failed to request an administrative hearing. Therefore, a default order is appropriate in this case.

Originator: Pam Johnson
AG Assigned: Robert Zumoff

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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

In the matter of)
)
RETIREMENT INVESTMENT GROUP)
1003 Wirt Road, Suite 302)
Houston, TX 77055)
B/D 7421)
)
Respondent.)

DOCKET NO. S-03339A-99-0000

ORDER OF REVOCATION

DECISION NO. _____

I.

INTRODUCTION

On August 4, 1999, the Securities Division (the "Division") of the Arizona Corporation Commission (the "Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order for Relief (the "Notice") against RETIREMENT INVESTMENT GROUP ("RESPONDENT"), alleging violations of the Arizona Securities Act (the "Act"). The Notice specified that RESPONDENT would be afforded an opportunity for an administrative hearing upon written request filed with the Commission's Docket Control within ten (10) days after receipt of the Notice, in accordance with A.C.C. Rule R14-4-306(B).

On August 6, 1999, the Division served a copy of the Notice upon RESPONDENT by certified mail, return receipt requested, to RESPONDENT's last known business address as permitted by A.A.C. Rule R14-4-304(C)(4). See Exhibit "A" attached hereto. RESPONDENT has failed to request an administrative hearing ten (10) days after receipt of the Notice.

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1 II.

2 FINDINGS OF FACT

3 1. RETIREMENT INVESTMENT GROUP ("RETIREMENT"), whose last known
4 address is 1003 Wirt Road, Suite 302, Houston, TX 77055, is a registered dealer in Arizona.

5 2. On or about February 2, 1999, the Securities and Exchange Commission (the "SEC")
6 revoked the registration of RETIREMENT and required RETIREMENT to pay civil penalties, after
7 finding that RETIREMENT failed reasonably to supervise Gail G. Griseuk, a registered representative.

8 3. In upholding the order of an administrative law judge, the SEC found that James Harvey
9 Thornton, RETIREMENT's President and responsible officer, failed to review Griseuk's customer
10 accounts pursuant to RETIREMENT's internal supervisory procedures. Griseuk violated the anti-fraud
11 provisions of the securities statutes in connection with the purchase and sale of approximately \$325,000
12 of limited partnership interests in 1991. "Many, if not all, of Griseuk's customers were elderly persons
13 on fixed incomes. She invested their money in risky and illiquid partnership interests. Had Thornton
14 performed the rudimentary supervisory duty of reviewing Griseuk's customer accounts, the lack of
15 suitability of these investments would have been clear."

16 4. On April 1, 1999, RETIREMENT filed a request to withdraw dealer registration in
17 Arizona. Said request was not granted and this action was filed to revoke said registration.

18 III.

19 CONCLUSIONS OF LAW

20 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
21 Constitution and A.R.S. § 44-1801 *et seq.*, the Arizona Securities Act (the "Act").

22 2. On August 5, 1999, and on August 10, 1999, the Division properly served the Notice on
23 RESPONDENT in accordance with A.R.S. § 44-1972(D), A.A.C. Rules R14-4-304 and R14-4-306.

24 3. RESPONDENT failed to request a hearing within the time limits prescribed in A.R.S. §
25 44-1972(D) and A.A.C. Rule R14-4-306.

26

1 4. RETIREMENT's conduct constitutes grounds for the revocation of RETIREMENT's
2 registration as a securities dealer with the Commission pursuant to A.R.S. §§ 44-1961(A)(10) on the
3 grounds that RETIREMENT is subject to an order of the SEC revoking registration as a broker or dealer
4 in securities under the Securities Exchange Act of 1934.

5 IV.
6 ORDER

7 THEREFORE, on the basis of the foregoing Findings of Fact and Conclusions of Law, the
8 following Order is appropriate, in the public interest, and necessary for the protection of investors:

9 IT IS ORDERED, pursuant to A.R.S. § 44-1961, that RESPONDENT's registration as a
10 securities dealer is revoked

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
12
13
14

15 CHAIRMAN

COMMISSIONER

COMMISSIONER

16 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive
17 Secretary of the Arizona Corporation Commission, have
18 hereunto set my hand and caused the official seal of the
19 Commission to be affixed at the Capitol, in the City of
20 Phoenix, this ___ day of _____, 1999.

21 _____
22 BRIAN C. McNEIL
23 Executive Secretary

24
25 _____
26 DISSENT
(PTJ)

EXHIBIT A

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
 Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:
**Retirement Investment Group
1003 Wirt Road Suite 302
HOUSTON TX 77055**

4. P 618 185 202

5. Received By: (Print Name)
Thompson Hill

6. Signature (Addressee or Agent)

7. Date of Delivery: **8-10-99**

8. Addressee's Address (Only if requested and fee is paid)

4b. Service Type
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

1. Addressee's Address
2. Restricted Delivery

I also wish to receive the following services (for an extra fee):

Thank you for using Return Receipt Service.

PS Form 3811, December 1994
102595-99-8-0223 Domestic Return Receipt