

ORIGINAL - RESPONSES



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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2011 AUG 23 A 9:42

GARY PIERCE, Chairman AZ CORP COMMISSION
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BRENDA BURNS

In the matter of:
~~TERRY L. SAMUELS and ELIZABETH SAMUELS, husband and wife,~~
JAMES F. CURCIO and JILL L. CURCIO, husband and wife,
~~3-CG, LLC, an Arizona limited liability company,~~
~~CHOICE PROPERTY GROUP, LLC, an Arizona limited liability company,~~
AZIN INVESTOR GROUP, LLC, an Arizona limited liability company,
AZIN INVESTOR GROUP II, LLC, an Arizona limited liability company,
AZIN INVESTOR GROUP III, LLC, an Arizona limited liability company,
AZIN INVESTOR GROUP IV, LLC, an Arizona limited liability company,
COMBINED HOLDINGS IV, LLC, an Arizona limited liability company,
and
COMBINED HOLDINGS V, LLC, an Arizona limited liability company,
Respondents.

DOCKET NO. S-20812A-11-0281
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

Arizona Corporation Commission
DOCKETED
AUG 23 2011

DOCKETED BY



ARIZONA CORPORATION COMMISSION
WWW.AZCC.GOV

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RESPONSE TO ALLOGATIONS OF AZ CORPORATION COMMISSION 7-21-11
DOCKET NO. S-20812A-11-0281

ANSWER TO: III- FACTS:

- 4, The only way Curcio was acting for his own benefit was by investing in the AZIN Investors groups LLCs as a legal real estate investment.
- 5 & 6, Facts assumed correct.
- 7, Correct
- 8, Facts assumed correct.
- 9, Correct.
- 10, Facts relating to meetings is not correct to the best of my knowledge.
No knowledge concerning agreements between companies.
- 11, Correct.

Initial Transactions, 2005-2007:

- 12, Facts assumed correct.
- 13, Facts assumed correct.
- 14, Facts assumed correct.
- 15, Facts assumed correct.
- 16, Correct.
- 17, Facts assumed correct.
- 18, Facts assumed correct.

AZIN Investors, 2007-2010:

- 19, Curcio was NOT CFO at the end of 2006, other comments are correct.
- 20, In the spring of 2007, Samuels approached Curcio to change his strategy from individual investors to pool investors and form LLCs up to approximately \$1M each. Prior to the formation of these LLCs, I was advised by Samuels that the procedure to accomplish this was reviewed and approved by Samuels' attorney, Whitney Sorrell and other attorneys Samuels counseled with. The entities and use of the funds was NOT determined by the Business's managers, i.e. Samuels and Curcio, but by Samuels alone. Correct, AZIN investors did not participate in the selection of properties or management of the business.
- 21, Correct
- 22, Correct in regard to potential investors. Based on advice of counsel, we were not required to register as securities with the Commission, however, as stated it is a correct statement.
- 23, Correct.
- 24, Correct.
- 25, Correct, however some investors did receive 15% on their investments (April Holladay, John & Bettie Morgando).
- 26, Correct, except in regard to the issue of title. This did occur however, with one property in AZIN Investor Group, LLC, in September of 2007 on a property on Beatrice St, Scottsdale, AZ.
- 27, Correct. This was done through Entrust Arizona, third party administrator, in a self directed Real Estate investment and advised by counsel as a correct investment and not in violation of any State of Arizona securities laws. (counsel- Whitney Sorrell).

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28, Members were told that AZIN Investor Group would receive a “Deed of Trust”. AZINs were listed as Beneficiaries and Choice Property Group LLC as Trustor and Title Co. as Trustee. The AZINs and Combined Holdings were also given a Promissory Note for the principal amount invested.

29, Correct.

30, The amounts of membership interests were from \$3580 to \$400,000.

31, AZIN Investor Group LLC received Deed of Trust and Promissory Notes. The other entities received a Promissory Note secured by the assets of Choice Property Group LLC.

32, The funds received from the AZIN investors were transferred to Choice Property Group LLC and used at the discretion of Samuels.

33, Correct

34, The Operating Agreement states that Curcio would act as managing member and conduct business for the LLCs in the same manner as operating any other business. The members could remove Curcio if they felt he was not performing his duties as outlined in the Operating Agreement or he could resign by giving proper notice. The next statement is an assumption and not fact. There are members in the LLCs that had real estate experience and managed businesses that could effectively manage the AZIN Entities if they so desired. Namely, Mr. Chris Morgando, Mr. Paul Sur, Mr. William Mercer, David Koepke, Mr. Roger Willis and Mr. William Jaeger to mention a few.

35, Curcio’s participation in the day to day operation of the business was limited and Samuels was the final decision maker. Curcio did advise Samuels on the day to day operation of the business, based on very limited and inaccurate financial information.

Respondents’ Misrepresentations and Omissions:

36, Curcio was not aware of the statements in this paragraph at the time of soliciting investors. When Curcio became aware of these facts, he stopped soliciting investors. Therefore, Curcio should not be a party to these comments or allegations. Curcio was an investor and his position prior to July 2008 was to assist in the formation of these LLCs for the benefit of the members and not CPG.

37, Curcio did not make these statements or allegations concerning the company. The preparer of this document is assuming Curcio made these statements because he is listed on the Executive Summary. He did not. There are other people on the Executive Summary that wrote comments and they are not part of these proceedings. Why not?

38, Again, another statement from the Executive Summary, which Curcio did not make.

39, The actions stated here happened prior to Curcio being involved with Samuels.

40, Curcio was told this as well prior to getting involved with Samuels’ business. He believed this was the procedure that would be followed because it was followed in his dealings with Samuels prior to forming the LLCs and mentoring Samuels’ business. Curcio would not have solicited his children, relatives, family Priest and close lifelong friends, if he had known this would not have occurred.

41, Correct

42, Correct, less the name of Curcio.

43, Statement, assumed correct.

44, Correct.

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45, Statements were sent to members stating their investment balances. The statement that NO AZIN investors ever received payments is WRONG. When an investor indicated at the time of making their initial investment that they wished to receive their EARNING monthly or quarterly they could receive it. This was done for April Holladay AZIN Investor Group III and John & Bettie Morgando, Combined Holdings V. AZIN Investor Group LLC members did receive payment from the sale of a home on Beatrice St. Scottsdale, in 2007.

46, Correct.

VIOLATIONS OF A.R.S. 44-1841

47, Statement, assumed correct.

48, Per information & statements received from corporate attorney Whitney Sorrell, Curcio was under the assumption that we could solicit investors to join the LLCs as members by accepting the Operating agreement and signing the Subscription Agreement (which states they understand this is not an SEC type investment and does not follow the guidelines of the Federal Regulations of 1933, etc.) Another attorney that rewrote the Operating Agreement for Combined Holdings IV & V, Richard Onsager, did not inform us we were in or could be in violation of Arizona securities laws.

49 & 50

VIOLATION OF A.R.S. 44-1842

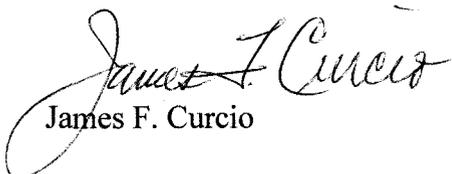
51 & 52

VIOLATIONS OF A.R.S. 44-1991

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

53, a, b, c, d, Curcio did not directly or indirectly intend or do the allegations made in these statements. His actions were based on information and documents received by legal counsel and information provided by Samuels to the lawful formation of these LLCs and operation of these businesses. Curcio was foremost an investor, but did operate on a limited basis as an officer, without the intent to defraud anyone.

54, & 55, Curcio should not be a part of this statement because he did not knowingly or intentionally violate any of the anti-fraud provisions of the Securities Act. His actions were the result of his accepting advice from counsel and information from Samuels that what we were doing was indeed legal and did not fall under the securities laws of the State of Arizona. Due to Curcio's involvement with 3CG and the AZIN Investor Group LLC investments, he has had to file Chapter 13 bankruptcy relief and respectfully requests consideration under Section VII, Requested Relief, items 1 through 5.

 8-17-11
James F. Curcio