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BEFORE THE ARIZONA CORPORATION COMMISSION

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CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
RENZ D. JENNINGS
Commissioner

DOCKET NO. S-3047-I

In the matter of:
RONALD H. WEINER dba RON WEINER
ASSOCIATES
11198 North 129th Way
Scottsdale, AZ 85259
CRD #2039529
DOUGLAS DEAN SACKETT
1040 W. Oregon Ave.
Klamath Falls, OR 97601
CRD #1006917

DOCKET NO. S-3047-I
NOTICE OF OPPORTUNITY FOR
HEARING REGARDING PROPOSED
ORDER TO DENY SECURITIES
SALESMAN REGISTRATION; ORDER
TO CEASE AND DESIST; ORDER OF
RESTITUTION; AND ORDER
ASSESSING ADMINISTRATIVE
PENALTY

Respondents.

I.

INTRODUCTION

The Securities Division ("Division") of the Arizona Corporation Commission (the "Commission") alleges that RONALD H. WEINER ("WEINER") dba RON WEINER ASSOCIATES ("RWA") and DOUGLAS DEAN SACKETT ("SACKETT"), singularly and in concert, have engaged in acts and practices that constitute violations of A.R.S. §§ 44-1841, 44-1842 and 44-1991 of the Securities Act of Arizona ("Act"). In addition, the Division alleges that WEINER is subject to the denial of his registration as a securities salesman as provided in A.R.S. §§ 44-1962(2), (4) and (10).

II.

JURISDICTION

1. The Commission has jurisdiction in this matter pursuant to Article XV of the Arizona Constitution and the Act, A.R.S. § 44-1801 et seq.

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III.**RESPONDENTS**

2. Paragraph 1 is realleged.

3. Respondent WEINER, whose last known address is 11198 North 129th Way, Scottsdale, Arizona 85259, was at all relevant times a resident of Arizona and self-employed as a tax accountant and consultant with "RWA", a sole-proprietorship, located at 3333 E. Camelback Road, Suite 250, Scottsdale, Arizona 85018. WEINER was a registered securities salesman, CRD #2039529, in the state of Arizona from May 1, 1990, until March 4, 1993, with Securities America, Inc. WEINER's registration was inactive after March 4, 1993, and expired on December 31, 1993 pursuant to A.R.S. § 44-1947(B). On September 30, 1997, WEINER filed an application to be registered as a securities salesman in Arizona through Metlife Securities Inc.

4. Respondent SACKETT, whose last known address is 1040 W. Oregon Ave., Klamath Falls, Oregon 97601, was a resident of Arizona at the time of the events stated herein. Sackett is not presently nor has he ever been registered in Arizona as a securities dealer or a securities salesman.

IV.**NATURE OF THE OFFERING**

5. Paragraphs 1 through 4 are realleged.

6. Between approximately December 1991 and November 1992, WEINER, through RWA, issued securities in the form of fractional interests in oil and gas wells developed by Big Horn Oil Company ("Big Horn") located in Oklahoma ("Big Horn oil and gas projects"). Big Horn sold the oil and gas interests to WEINER/RWA at a volume discount price based on a sliding scale. WEINER/RWA marked up the price of fractional interests to include profit and expenses for Respondents, and resold these interests in several wells to investors. For instance, in one of the well programs, called Top Gun No. 1, WEINER/RWA purchased interests from Big Horn for \$4,000.00 per 1/64th unit and resold the units to investors for \$5,750.00 per unit.

1 7. Respondents promoted the investments as "Ron Weiner Associates' oil and
2 gas drilling and completion programs."

3 8. WEINER and, upon information and belief, SACKETT prepared offering
4 documents summarizing certain aspects of the investment programs, which Respondents
5 distributed to some investors, describing an opportunity for monthly distributions of income and
6 profits, and showing a track record of successful wells. Respondents told investors that the wells
7 were relatively low risk; had the potential to return 100% of invested capital in 12 months and
8 return three to four times the invested capital over the life of the project; and that there would be a
9 long-term income stream of six to ten years.

10 9. Between approximately December 1991 and November 1992, WEINER,
11 holding himself out as a financial planner, directly or indirectly, offered and sold securities within
12 or from Arizona in the form of interests in oil and gas wells operated by Big Horn. WEINER sold
13 these securities, primarily to his former tax accounting clients, without the knowledge or
14 authorization of his employing securities dealer, Securities America, Inc.

15 10. During the same time period, SACKETT, holding himself out as a financial
16 planner, directly or indirectly, offered and sold securities within or from Arizona in the form of
17 interests in oil and gas wells operated by Big Horn to his insurance clients, primarily teachers or
18 retired teachers.

19 11. In addition, during the same time period, WEINER/RWA promoted and
20 directly or indirectly offered and sold securities within or from Arizona in the form of oil and gas
21 working interests in oil and gas wells operated by Big Horn to many additional investors through
22 Denise E. Brittain and/or Gary D. Brittain of Brittain Financial Services, L.L.C. ("BFS").¹

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¹ The Brittain and BFS were ordered to cease and desist from the offer and sale of these and other unregistered securities in Consent Orders entered on December 18, 1996, and Denise E. Brittain's securities salesman registration was revoked at that time.

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V.

**THE CONDUCT OF RESPONDENTS VIOLATES
A.R.S. § 44-1841 OF THE SECURITIES ACT OF ARIZONA**

Offer or Sale of Unregistered Securities

12. Paragraphs 1 through 11 are realleged.

13. From about December of 1991 to May of 1992, Respondents offered and sold securities in the form of fractional undivided interests in oil or gas mineral rights or investment contracts, within or from the state of Arizona.

14. The securities referred to above were not registered under A.R.S. §§ 44-1871 through 44-1875; 44-1891 through 44-1990 or 44-1902; were not exempt securities under A.R.S. § 44-1843 or § 44-1843.01; were not offered or sold in exempt transactions under A.R.S. § 44-1844 and were not securities exempt under any rule or order promulgated by the Commission.

15. The conduct alleged above violates A.R.S. § 44-1841.

VI.

**THE CONDUCT OF RESPONDENTS VIOLATES
A.R.S. § 44-1842 OF THE SECURITIES ACT OF ARIZONA**

Transactions by Unregistered Dealers and Salesmen

16. Paragraphs 1 through 15 are realleged.

17. In connection with the offer or sale of securities as described above, WEINER/RWA acted as a dealer and SACKETT acted as a dealer and/or salesman within Arizona, although not registered pursuant to the provisions of Article 9 of the Act nor exempt therefrom.

18. The conduct alleged in paragraph 17 above violates A.R.S. § 44-1842.

VII.

**THE CONDUCT OF RESPONDENTS VIOLATES
A.R.S. § 44-1991 OF THE SECURITIES ACT OF ARIZONA**

Fraud in Connection with the Offer and Sale of Securities

19. Paragraphs 1 through 18 are realleged.

20. In connection with the offer or sale of securities described above,

1 WEINER/RWA and SACKETT directly or indirectly made untrue statements of material fact and
2 omitted to state material facts which were necessary in order to make the statements made not
3 misleading in light of the circumstances under which they were made, and engaged in transactions,
4 practices or courses of business which operated or would operate as a fraud or deceit upon offerees
5 and investors, in violation of A.R.S. § 44-1991, including but not limited to the following:

- 6 a. Misrepresenting that WEINER/RWA had prior experience in
7 organizing and managing oil and gas investment projects in which
8 investors had profited, and/or failing to disclose that WEINER/RWA
9 had no such prior experience;
- 10 b. Misrepresenting that WEINER/RWA's compensation was to be a fee
11 equal to 15% of the net operating revenue or disposition from the oil
12 and gas project, and/or failing to disclose that WEINER and
13 SACKETT, through RWA, charged investors an undisclosed profit
14 through a mark-up of the price of the units over the amount charged
15 to WEINER/RWA by Big Horn;
- 16 c. Failing to disclose Respondents' past experience as investors in Big
17 Horn oil and gas projects and the operational problems encountered;
- 18 d. Failing to provide any information regarding the financial condition
19 of WEINER/RWA and/or Big Horn;
- 20 e. Failing to disclose the prior business experience of WEINER/RWA;
- 21 f. Failing to disclose the specific purposes for which investor funds
22 were to be used;
- 23 g. Failure to disclose that WEINER/RWA not registered with the
24 Division as a securities dealer, that SACKETT was not registered
25 with the Division as a securities salesman, and that WEINER was
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1 selling these securities without the authorization of his registered
2 dealer.

3 **VIII.**

4 **DENIAL OF REGISTRATION AS SECURITIES SALESMAN PURSUANT**
5 **TO A.R.S. § 44-1962 OF THE SECURITIES ACT OF ARIZONA**

6 21. Paragraphs 1 through 20 are realleged.

7 22. The facts set forth in this Notice constitute grounds for denial of WEINER's
8 registration as a securities salesman pursuant to A.R.S. § 44-1962(2) in that WEINER has violated
9 provisions of the Act.

10 23. In addition, WEINER is subject to the denial of his securities salesman
11 registration pursuant to A.R.S. § 44-1962(4) in that the above conduct illustrates that he is lacking
12 in integrity or not of good business reputation.

13 24. In addition, WEINER is subject to the denial of his securities salesman
14 registration pursuant to A.R.S. § 44-1962(10) in that the above conduct illustrates that he has
15 engaged in dishonest or unethical practices in the securities industry. In particular, WEINER
16 effected securities transactions that were not recorded on the records of the dealer with whom he
17 was registered at the time of the transactions within the meaning of A.A.C. Rule R14-4-
18 130(A)(17).

19 **IX.**

20 **REQUEST FOR RELIEF**

21 **THEREFORE,** Respondents are hereby notified that the Division will request that the
22 Commission grant the following relief:

- 23 1. Enter an Order denying WEINER's registration as a salesman in the state of
24 Arizona, pursuant to A.R.S. § 44-1962.
- 25 2. Order WEINER/RWA and SACKETT to cease and desist from conduct in violation
26 of the Securities Act of Arizona, pursuant to A.R.S. § 44-2032;

