

ORIGINAL

Morgan Financial, L.L.C.

S-20719A-09-0583



0000132374

From: John Stueber [jcs@...]  
 Sent: Thursday, April 12, 2012 1:04 PM  
 To: Pierce-Web; Newman-Web; Burns-Web; Stump-Web; Kennedy-Web; Paul Huynh  
 Subject: JIMMY DON HARTGRAVES PLEADS GUILTY TO FRAUD, MONEY LAUNDERING AND BRIBERY. SENTENCED TO EIGHT YEARS IN PRISON - The Prescott Courier article

OPEN MEETING AGENDA ITEM

TO: ARIZONA CORPORATE COMMISSION, Securities Division

Gary Pierce, Chairman ( [pierce-web@azcc.gov](mailto:pierce-web@azcc.gov) )  
 Paul Newman, Commissioner ( [newman-web@azcc.gov](mailto:newman-web@azcc.gov) )  
 Brenda Burns, Commissioner ( [burns-web@azcc.gov](mailto:burns-web@azcc.gov) )  
 Bob Stump, Commissioner ( [stump-web@azcc.gov](mailto:stump-web@azcc.gov) )  
 Sandra D. Kennedy, Commissioner ( [kennedy-web@azcc.gov](mailto:kennedy-web@azcc.gov) )  
 1200 West Washington  
 Phoenix, AZ 85007-2996

Dear Mr. Chairman and Commissioners,

RE: Jimmy Don Hartgraves, Jr., a married man  
 Laurie J. Hartgraves, a married woman  
 Morgan AZ Financial, LLC  
 Heartfelt Properties, LLC  
 Morgan Management, LLC  
 Morgan Financial, LLC  
 Morgan Financial Lenders, LLC  
 Mr. Hartgraves' off-shore entities  
 John Does 1 -10, Et.Al.

Arizona Corporation Commission  
DOCKETED

APR 20 2012

DOCKETED BY	<i>[Signature]</i>
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RECEIVED  
 AZ CORP COMMISSION  
 DOCKET CONTROL  
 2012 APR 20 PM 2 00

I have discovered a link to the article below which reports of a Jimmy Don Hartgraves charged with 57 felonies and subsequently sentenced to eight years in prison for fraud, money laundering and bribery. Please confirm if this is the same Jimmy Don Hartgraves that is being investigated in connection with Docket #S-20719A-09-0583:

<http://news.google.com/newspapers?id=56RhAAAIAIAJ&sjid=tH0DAAAIAIAJ&pg=7008%2C1447467>

Sincerely,

John Stueber  
 Cell: 619-855-8000

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## Antonio Gill

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**From:** kehoppen@mindspring.com  
**Sent:** Thursday, April 12, 2012 8:05 AM  
**To:** Pierce-Web; Newman-Web; Burns-Web; Kennedy-Web; Stump-Web  
**Cc:** jim@loancityaz.com  
**Subject:** S-20719A-09-0583

To Whom it Concerns:

I am a member of Morgan Financial Lenders, LLC. It was brought to my attention through Jim Hartgraves, and Morgan Financial Lenders to pay Mr. and Mrs. Graf full restitution of \$67,000, even though the Graf's are only participants chose not to join Morgan Financial Lenders. I am surprised that the ACC would put the Graf's (unsecured subordinated Note) in a more favorable position than the members of Morgan Financial Lenders.

Our family have placed our trust in Morgan Financials to exchange our Note and become a member of Morgan Financial Lenders, LLC in order to allow us to move forward. Please recognize the Exchange Agreement and allow Morgan Financial to focus on the portfolio. It is not right to make Morgan Financial Lenders liable or beholden to the Graf's, or place them in a priority position.

We also have been informed that the ACC is ordering Morgan Financial, Jim Hartgraves, and Morgan Financial Lenders to pay a penalty in the sum of \$10,000 payable to the State of Arizona. I feel that this should be charged to Morgan Financial only.

We know that the best opportunity for recovering our investment is to let Morgan Financial continue to work in selling the portfolio, maximize the sales on the remaining properties and for the State to help us to maximize our progress for all the investors to maximize our investment.

Regards,

Kent Hoppenworth

## Antonio Gill

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**From:** Bob Dunn [youthlink1@gmail.com]  
**Sent:** Thursday, April 12, 2012 7:49 AM  
**To:** Pierce-Web; Newman-Web; Burns-Web; Stump-Web; Kennedy-Web  
**Subject:** Morgan Financial Hearing

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-To Whom It May Concern,

As a member of Morgan Financial Lenders,LLC, we wanted to send a response to the issues to which will be a part of the hearing for Thursday April 12th. We are concerned that the ACC does NOT have our (the investors) best interest in mind. As a part of the majority who agreed to continue the process with Morgan Financial, Jim Hartgraves through several open meetings, we object to the fact that we all be responsible for the Graf's decision to NOT continue with the future decisions and be held accountable for any restitution on their behalf. They had the opportunity to continue with the majority as we all knew our investment notes were unsecured.

Any decision, note or contract with the Grafs was solely between the Grafs and Morgan Financial, Jim Hatgraves NOT with Morgan Financial Lenders LLC.

Furthermore, we do NOT feel we (Morgan Financial Lenders LLC) should be held responsible and encumber any penalties issued by the State of Arizona.

In excepting this position as investors, we would ask that Morgan Financial, Jim Hartgraves continue to be permitted to sell remaining properties in the portfolio which in turn will help recover a percentage of our original investment.

As investors, we chose to exchange our Note to become a part of Morgan Financial Lenders LLC It would be appreciated if you would release Morgan Financial, Jim Hartgraves to fulfill his focus of the portfolio at hand.

Sincerely,  
Robert Dunn  
Tom Dunn

## Antonio Gill

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**From:** Robbins, Dan (EHCOE) [dan.robbins@honeywell.com]  
**Sent:** Thursday, April 12, 2012 6:50 AM  
**To:** Pierce-Web  
**Subject:** Docket No. S-20719A-09-0583

Dear Mr. Pierce,

Below are my comments relative to Docket No. S-20719A-09-0583.

Thank you for considering my input.

Regards,

Dan Robbins

April 11, 2012

Dan E. Robbins  
39949 N. Central Ave  
Phoenix, AZ 85086  
(623)-465-0265 Eve  
602-421-9985 Cell  
[dan.robbins@honeywell.com](mailto:dan.robbins@honeywell.com)

Relative to Docket # S-20719A-09-0583

Commissioner,

I am a part of Morgan Financial Lenders, LLC.

After receiving information from Jim Hartgraves of Morgan Financial Lenders it is my understanding that there is a penalty that will likely be assigned by the Arizona Corporation Commission and payable to the State of Arizona. Any oversight on the part of Morgan Financial that resulted in this anticipated penalty should not be levied at Morgan Financial Lenders. The entity, Morgan Financial Lenders, LLC, was not in existence at the time of the alleged infraction. I want to make it clear Morgan Financial was selling to the members of Morgan Financial Lenders. Morgan Financial Lenders were not the sellers. Therefore, I would hope that any fine would be the sole responsibility of Morgan Financial.

Relative to the issue related to the Graf's. It is my understanding that the Graf's entered into the same risk/reward investment position as the rest of us, who subsequently have become part of Morgan Financial Lenders. It does not seem equitable that actions taken (or not taken) **after** the real estate market crash would somehow put them in a more favorable position relative to the rest of the investors. The various market factors that have resulted in our current financial situation happened to those that are now part of Morgan Financial Lenders, just as it did the Graf's.

It does not seem reasonable to me that Morgan Financial Lenders be responsible for restitution to other investors or be responsible for fines. Morgan Financial Lenders is a group of individual investors who have been caught in a financial bind based on market conditions. I would like to see Morgan Financial Lenders removed from future consideration of restitution or penalties.

Regards,

Dan E. Robbins

## Antonio Gill

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**From:** Steve Barnes [steveb150@cox.net]  
**Sent:** Wednesday, April 11, 2012 11:10 PM  
**To:** Pierce-Web; Newman-Web; Burns-Web; Stump-Web; Kennedy-Web  
**Cc:** jim@loancityaz.com  
**Subject:** Proceedings against Morgan Financial

Corporation Commissioners:

I am a member of Morgan Financial Lenders, LLC, and have been made aware of a hearing on Thursday, April 12, pertaining to charges by the Commission against Morgan Financial. I will not be able to attend the hearing due to job commitments, but would like to communicate to the Commission my views on the matters to be considered, as I understand them.

It is my understanding that one of the primary purposes of the Commission is to protect the public against fraudulent or illegal activities by businesses or companies operating in Arizona. In my opinion, Morgan Financial and Jim Hartgraves, while operating in a very difficult real estate and financial climate, have acted with only the best interests of their investors in mind and the actions of the Commission, focused on penalties and mandated restitution to investors, is only hindering the ability of Morgan Financial to achieve the best return on investment for those of us who have made significant investments to the project. I believe the interests of the members of Morgan Financial Lenders would be best served if the Corporation Commission would terminate the drawn-out legal proceedings against Morgan Financial and allow them to focus on selling the remaining properties in its inventory and achieving the best possible outcome for its investors, without the burden of additional penalties.

An additional important issue in these proceeding concerns the relative position of the members of Morgan Financial Lenders, comprising the vast majority of the investors in the Morgan Financial venture, and a single holder of an original promissory note. In April 2010, when Morgan Financial presented the offer to promissory note holders to exchange the notes for interest in the newly-formed Morgan Financial Lenders, it was stated that it was in the best interest of the company, and, therefore, the note holders, to make the exchange and that it was necessary for all old notes to be exchanged to achieve the maximum benefit to all investors. The understanding was that, if any holder of old notes did not agree to the exchange, it would be detrimental to the company as a whole and, therefore, those unsecured, subordinate notes would be in a lesser position than memberships in the new Morgan Financial Lenders. The majority of us who agreed to the Exchange for the benefit of the entire group should in no way be subordinate or indebted to the single note holder who acted strictly in their own interest and thereby increasing the risk to the overall venture. Their note should be honored, but only to the extent that funds are available after distribution to members of Morgan Financial Lenders.

I have also been informed that a \$10,000 penalty is being considered against Morgan Financial, Jim Hartgraves and Morgan Financial Lenders. As Morgan Financial Lenders was only formed after market conditions necessitated a restructuring of the debt payment structure of the venture, and its members have only had extremely limited authority in the management or decision-making of the company, as stated in the Exchange Memorandum, it would be very wrong to impose any portion of that penalty on the Morgan Financial Lenders members.

Thank you for your attention.

Stephen R. Barnes

## Antonio Gill

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**From:** Fiumara, Jim (EHCOE) [jim.fiumara@honeywell.com]  
**Sent:** Wednesday, April 11, 2012 5:40 PM  
**To:** Pierce-Web; Newman-Web; Burns-Web; Stump-Web; Kennedy-Web  
**Subject:** Docket # S-20719A-09-0583

**Importance:** High

April 11, 2012

James P. Fiumara  
4340 W. Charleston  
Glendale, AZ. 85308  
(602) 843-5082 Eve  
623-225-6667 Cell  
[jim.fiumara@honeywell.com](mailto:jim.fiumara@honeywell.com)

Relative to Docket # S-20719A-09-0583

Commissioner,

I am a part of Morgan Financial Lenders, LLC.

I understand that there is a penalty that will likely be assigned by the Arizona Corporation Commission and payable to the State of Arizona. Any oversight on the part of Morgan Financial that resulted in this anticipated penalty should not be levied at Morgan Financial Lenders. This entity, Morgan Financial Lenders, LLC, was not in existence at the time of the supposed infraction. The members of Morgan Financial Lenders were being sold to by Morgan Financial, they were not the sellers. Therefore, I would hope that any fine would be the sole responsibility of Morgan Financial.

Relative to the issue related to the Graf's. It is my understanding that the Graf's entered into the exact risk/reward investment position as the rest of us, who subsequently have become part of Morgan Financial Lenders. It does not seem reasonable that actions taken (or not taken) **after** the real estate market crash would somehow put them in a priority position relative to the rest of the investors. The various factors that have resulted in our current financial situation happened to those that are now part of Morgan Financial Lenders, just as it did the Graf's.

It does not make sense to me that Morgan Financial Lenders be responsible for restitution to other investors or be responsible for fines. Morgan Financial Lenders is a group of individual investors who have been caught in a financial bind. I would like to see Morgan Financial Lenders removed from future consideration of restitution or penalties.

Thank you for considering my input.

James P. Fiumara

## Antonio Gill

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**From:** george ross [gaross@cox.net]  
**Sent:** Wednesday, April 11, 2012 9:05 PM  
**To:** Pierce-Web  
**Subject:** Docket No. S-20719A-09-0583 / Morgan Financial Lenders

Mr Pierce,

My sister and I are members of Morgan Financial Lenders. I am writing regarding our opinions on the matters before the ACC .

Our investment in the membership of Morgan Financial Lenders came to be because of the passing of my Mother Carolyn Ross. Carolyn met Jim Hartgraves when she purchase a home in 2005 . My Mother was a widow from the passing of my Father a few years earlier. Jim helped my Mother with the financing of her home purchase. My Mother had equity from the sale of the home she sold before her new home purchase. At that time the housing market was booming. Jim Hartgraves offered my Mother a way to invest the profit from the sale and offered my Mother a monthly income return on the investment with Morgan Financial. My sister and I reviewed the promissory note that was proposed. We all agreed this was a legitimate offer and a way for my Mother to supplement her social security income.

My Mother received checks every month as Jim said she would. My Mother was happy with the decision she made in the investment. The checks continued into 2009. My Mother passed on January 20th 2009. Shortly afterwards I contacted Jim and notified him of my Mothers passing. The promissory note my Mother had signed was re-written to include myself and my sister. Since the investment was doing so well we agreed to leave things as they were

I'm sure you recall during the time preceding 2009 the economy turned south, unemployment was on the rise and people began to lose their homes. Jim Hartgraves contacted me and all the other investors in Morgan Financial during the spring of 2009. He told Morgan Financial was beginning to struggle and they were proposing a plan to re-write the promissory notes of the investors. The new agreement would place our investment into more of a secured status using the properties in the Morgan financial portfolio to secure the investment. Jim also said without the investors signing the new agreements, there was a good possibility Morgan Financial could go under and we could all lose our investments. Part of the new agreement would be to receive a percentage of the sales of the properties in the portfolio.

As I recently learned there was only one party who did not sign the new agreement. This would be the Graf's. I understand the ACC is ordering Morgan Financial Lenders to pay the Graf's their original investment before the interest of all the other members. In my opinion this is not fair. It is my personal feeling Morgan Financial Lenders survived this far by re-writing the original notes and allowing Jim and Morgan Financial to work as hard as possible to sell the properties in the portfolio.

I also understand the ACC is ordering Morgan Financial Lenders to pay a fine of \$10,000. I do not understand the reason behind the fine. A fine is imposed for the purpose of wrong doing or doing something illegal. In my opinion Jim Hartgraves has worked very hard and has done everything possible to return money to the investors as promised. This fine if imposed will reduce the amount returned to the members.

Please put a stop to these orders and proposed fines and allow Jim Hartgraves and Morgan Financial to continue to work through the sales of the portfolio. With all do respect the inference of the ACC only makes matters worse and inhibits the progress that is being made. Your actions are NOT protecting the interests of Morgan Financial members.

The purpose of the ACC is to protect consumers. Morgan Financial Lenders are just a small group of investors and not a large corporation in need of regulation and oversight..

Please help the members of Morgan Financial Lenders along with myself and my sister to recover as much as possible from the investment our Mother had with the money She and my Father worked so hard for all their lives.

Thank you,  
George A. Ross