

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

2012 JAN 27 P 12:47

Arizona Corporation Commission

DOCKETED

COMMISSIONERS

- GARY PIERCE, Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

AZ CORP COMMISSION
DOCKET CONTROL

JAN 27 2012

DOCKETED BY	<i>nr</i>
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<p>In the matter of:</p> <p>G4i CAPITAL PARTNERS, INC. (a.k.a. "GCFI GROUP"), a Delaware corporation,</p> <p style="text-align: center;">Respondent.</p>	<p>) DOCKET NO. S-20833A-12-0031</p> <p>) NOTICE OF OPPORTUNITY FOR HEARING</p> <p>) REGARDING PROPOSED ORDER TO</p> <p>) CEASE AND DESIST, ORDER FOR</p> <p>) RESTITUTION, ORDER FOR</p> <p>) ADMINISTRATIVE PENALTIES AND</p> <p>) ORDER FOR OTHER AFFIRMATIVE</p> <p>) ACTION</p>
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NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondent G4i CAPITAL PARTNERS, INC. (a.k.a. "GCFI GROUP"), engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENT

2. Respondent G4i CAPITAL PARTNERS, INC. (a.k.a. "GCFI GROUP") ("Respondent"), was incorporated as a Delaware corporation on June 5, 2009. At all relevant times, Respondent issued, offered and sold the "high yield investments" discussed below.

1 much as \$2 Million to \$10 Million or more upfront) or they will not be awarded the contract.

2 Most people think that when a contractor wins a \$62 Million Federal Health Care
3 Contract (as G4i did recently), that the full \$62 Million is handed over by the government in a lump sum.

4 This is certainly not the case.

5 In this example of a 5 year contract, that \$62 Million will be divided evenly over the
6 60 months. That means roughly \$1 Million per month is paid to the contractor from the government.

7 When \$2.5 Million to \$3 Million is needed for operating expenses the first month
8 and the first monthly payment of \$1 Million from the government doesn't come until the 4th month (90 day delay), additional funding is obviously needed.

9 However, if most of our funds are tied up in this project to get it started, along with
10 our other active projects that required initial funding, we will likely not have the funds available to win the "next" contract requiring \$2.5 Million to \$3 Million (or whatever amount needed) to get started.

11 This is why we need your help.

12 **B. The Investments & Respondent's Advertising and General Solicitation for Arizona Investors**

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14 7. At all relevant times, Respondent publically offered and sold "secure, high yield
15 investments" within Arizona called "Secured Commercial Contract Loan[s]" to raise a pool of
16 capital to fund Respondent's government Contract Business operations (the "Investment(s)").

17 8. The Investments have not been registered by the Commission as securities to be
18 offered or sold within Arizona.

19 9. From approximately July 2011 to least September 14, 2011, Respondent publicly
20 advertised and engaged in general solicitation for investors within Arizona by offering the
21 Investments on Respondent's First Website. At all relevant times, the home page of Respondent's
22 First Website stated:

23 **12.05% to 21.07% Annual Return**
24 **Monthly Interest Paid By Bank ACH Transfer**

25 Welcome & thank you for visiting GCFI Group.

26 You have just stumbled upon one of the absolute safest, most secure, high yield investments that you're going to find anywhere.

1 This is the best kept investment secret of the 21st century. Read on to
2 discover a rock-solid solution to your present and future investment needs...

3 10. At all relevant times, the home page of the First Website further stated:

4 **Earn 12.05% to 21.07% APY on a 12, 18 or 24 Month
5 Term...**

6 We are seeking private investor funds in the form of collateralized
7 commercial loans that pay monthly interest payments with a \$10,000
8 minimum investment on a 12, 18 or 24 month term & are more than willing
9 to pay you 12.05% to 21.07% APY [or annual percentage yield on your
10 principal Investment] for it.

11 11. At all relevant times, the "G4i FREQUENTLY ASKED QUESTIONS" or "FAQ"
12 page of the First Website stated that the Investments would provide investors with returns in the
13 form of monthly interest payments, with the principal Investment amount being repaid to investors
14 by Respondent at the conclusion of the one to two year Investments.

15 12. From approximately July 2011 to at least September 14, 2011, the First Website
16 included a detailed Investment "Rate Chart" page that provided potential Arizona investors with
17 varying rates of promised returns in written, spreadsheet form depending on: (a) twelve, eighteen
18 or twenty-four month Investment term lengths; and (b) the amount of the principal Investment. For
19 instance, the Rate Chart page stated that principal Investments amounts of between \$90,000 and
20 \$99,999 could earn an investor a "Full Term Return on Investment (ROI)" of 12.05% for a twelve
21 month Investment, and a ROI of 41.70% for a two year Investment.

22 13. At all relevant times, the Rate Chart page of the First Website further provided
23 potential Arizona investors with "Monthly & Full Term Interest Income Examples" stating that, for
24 instance, a two year Investment in the principal amount of \$1,000,000 would provide the investor
25 with monthly interest payments of \$17,560, or total interest income of \$421,440.

26 14. From approximately July 2011 to at least September 14, 2011, the FAQ page of the
First Website explained to potential Arizona investors why longer Investments paid investors more
interest:

1 **Why Is There Such A Large Rate Spread Between the 12**
2 **Month and 24 Month Terms?**

3 G4i rewards a higher percentage to the longer terms because we have the ability to
4 fund a second contract with the same funds.

5 From an internal operational side, our contracts require 4% to 5% of the total value
6 of the Government contract up-front...

7 **Why Does The 12 Month Term Have A Flat Rate Of 12.05%**
8 **For Every Amount Invested?**

9 12.05% is the maximum we are able to pay out in such a short window and is why
10 we elected to pay that amount regardless of amount invested on the 12 month term
11 option. In other words, we only have the ability to fund a single contract in that time
12 period as opposed to 2 contracts with the 24 month term. (Emphasis in original)

13 15. From approximately July 2011 to at least September 14, 2011, both the home and
14 Rate Chart pages of the First Website included a link titled "**Get Started Now – Investment**
15 **Application**" which when clicked, took a potential Arizona investor to another page titled
16 "**Investment Application-Instructions.**" (Emphasis in originals)

17 16. From approximately July 2011 to at least September 14, 2011, the Investment
18 Application page included a form titled "**G4i GCF Investment Application**" wherein potential
19 Arizona investors were encouraged to provide Respondent with the potential investors' contact
20 information to receive from Respondent an "official" Investment "contract" within "12 to 24
21 business HOURS," and a sample government Contract. (Emphasis in original)

22 17. The Investment Application page further instructed a potential Arizona investor to
23 select on the form the term and principal amount of the desired Investment, review the Investment
24 "contract" when received, and to call Respondent "with any questions you may have, sign it and
25 send it back with your investment amount."

26 18. From on or about July 2011 to at least September 14, 2011, Respondent also
27 advertised the Investments and conducted a general solicitation for Arizona Investment investors
28 on another website at www.gcfinvestmentgroup.com that stated, in part, as follows:

**17.64% Annual Yield Return Paying
1.47% Month Interest Payments**

NOT

*High Risk

*an HYIP

*a Ponzi

*a Scam

- ✓ Secured By Federal Gov't Contracts
- ✓ Hands Off Passive Income
- ✓ Lowest Risk in "High Yield World"
- ✓ Doing Business for Over 20 Years
- ✓ Fully Transparent Operations
- ✓ Minimum Investment Only \$10,000
- ✓ No other Investment Comes Close

("Second Website") (Emphasis in original). The Second Website similarly included a form that Arizona investors were encouraged to complete to receive additional Investment information from Respondent.

19. Respondent de-published the First and Second Websites sometime after September 14, 2011.

C. The Potential Arizona Investor and Written Investment Offering Documents

20. In July 2011, an Arizona resident (the "Arizona Resident") viewed the First and Second Websites from Arizona. The Arizona Resident completed the form on the "Investment Application" page of the First Website as instructed, and asked for additional Investment information.

21. In response, Respondent's director of business development sent an email to the Arizona Resident on July 26, 2011 (the "Investment Solicitation Email"), that stated, in part:

Thank you for your interest in G4i!
For your review I have attached the following documents:
Two Awarded Federal Government Health Care Contracts
Loan & Security Agreements
General information on G4i

The Investment Solicitation Email included a link to the First Website, and a link to another website that discussed Respondent's Contract Business and expertise in greater detail.

1 22. Attached to the Investment Solicitation Email were: (a) two Contracts awarded to
2 companies affiliated with G4i in 2010; (b) a seven page "Secured Commercial Contract Loan" (the
3 "Investment Contract"); (c) a nine page security agreement; (d) a three page document titled "G4i
4 Experienced" that describes Respondent's government Contract operations and expertise; (e) a two
5 page color document titled "G4i-Corporate Vision & Mission Statement" describing Respondent's
6 Business goals and technological advantages over competitors; and (f) a detailed sixty-three page
7 document that describes the benefits of investing in Respondent's government Contract Business
8 and Business operations (collectively, the "Written Investment Offering Documents"). At no time
9 did the Arizona Resident speak to any of G4i's employees or agents.

10 23. The Investment Contract indicates that the Arizona Resident could purchase an
11 Investment by executing the Investment Contract, selecting a desired Investment term length and
12 principal amount, and delivering the executed Investment Contract and money to Respondent at an
13 office address located in Virginia or via email.

14 **D. The Arizona Investor**

15 24. Respondent issued and sold an Investment to one Arizona resident totaling \$17,000
16 in September 2011 (the "Arizona Investor").

17 25. The Arizona Investor learned about Respondent's Business and the Investments by
18 locating and viewing the First Website from Arizona.

19 26. The Arizona Investor called the telephone number listed on the home page of the
20 First Website to obtain additional Investment information, and he spoke to Respondent's agent.

21 27. Thereafter, the agent provided the Arizona Investor with a set of the Written
22 Investment Offering Documents discussed above via an Investment Solicitation Email. The agent
23 eventually sold the Investment to the Arizona Investor

24 28. To date, Respondent has paid the Arizona Investor approximately \$1,092 via four
25 monthly payments.
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VI.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

- 1. Order Respondent to permanently cease and desist from violating the Securities Act pursuant to A.R.S. § 44-2032;
- 2. Order Respondent to take affirmative action to correct the conditions resulting from Respondent's acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
- 3. Order Respondent to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036; and
- 4. Order any other relief that the Commission deems appropriate.

VII.

HEARING OPPORTUNITY

Respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If Respondent requests a hearing, Respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

1 Persons with a disability may request a reasonable accommodation such as a sign language
2 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
3 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
4 Requests should be made as early as possible to allow time to arrange the accommodation.
5 Additional information about the administrative action procedure may be found at
6 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

7 **VIII.**

8 **ANSWER REQUIREMENT**

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

15 Additionally, Respondent must serve the Answer upon the Division. Pursuant to A.A.C.
16 R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the
17 Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to
18 Mike Dailey.

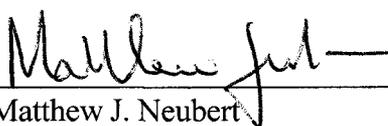
19 The Answer shall contain an admission or denial of each allegation in this Notice and the
20 original signature of Respondent or Respondent's attorney. A statement of a lack of sufficient
21 knowledge or information shall be considered a denial of an allegation. An allegation not denied
22 shall be considered admitted.

23 When Respondent intends in good faith to deny only a part or a qualification of an
24 allegation, Respondent shall specify that part or qualification of the allegation and shall admit the
25 remainder. Respondent waives any affirmative defense not raised in the Answer.
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The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 27 day of January, 2012.



Matthew J. Neubert
Director of Securities