



0000134737

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

MAR 16 2012

DOCKETED BY [Handwritten initials]

In the matter of:

ARTHUR FRIED, an unmarried man,

COMPREHENSIVE CASH FLOW FUNDING, INC., a dissolved Arizona corporation,

WEBUYHOMESINAZ, LLC, an Arizona limited liability company,

MY BARGAIN GIFT BAG, LLC FKA BROOKLYN BOYS VENTURES, LLC, an Arizona limited liability company,

and

LOAN MOD SHRINK, LLC FKA ESCALADE VENTURES, LLC, an Arizona limited liability company,

Respondents.

DOCKET NO. S-20826A-11-0455

DECISION NO. 73059

ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION AND ORDER FOR ADMINISTRATIVE PENALTIES

RE: COMPREHENSIVE CASH FLOW FUNDING, INC., WEBUYHOMESINAZ, LLC, MY BARGAIN GIFT BAG, LLC FKA BROOKLYN BOYS VENTURES, LLC AND LOAN MOD SHRINK, LLC FKA ESCALADE VENTURES, LLC

On December 20, 2011, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing regarding a Proposed Order to Cease and Desist, For Restitution, For Administrative Penalties and Order for Other Affirmative Action ("Notice") against ARTHUR FRIED ("Fried"), COMPREHENSIVE CASH FLOW FUNDING, INC. ("COMPREHENSIVE"), WEBUYHOMESINAZ, LLC ("WEBUYHOMESINAZ"), MY BARGAIN GIFT BAG, LLC FKA BROOKLYN BOYS VENTURES, LLC ("BROOKLYN BOYS") and LOAN MOD SHRINK, LLC FKA ESCALADE VENTURES, LLC ("ESCALADE").

1 On December 21, 2011, copies of the Notice were personally served on the statutory agent  
2 for COMPREHENSIVE, WEBUYHOMESINAZ, BROOKLYN BOYS and ESCALADE.  
3 COMPREHENSIVE, WEBUYHOMESINAZ, BROOKLYN BOYS and ESCALADE failed to  
4 request an administrative hearing within 10 days after receipt of the Notice, pursuant to A.R.S. §44-  
5 1972 and A.A.C. Rule R14-4-306. COMPREHENSIVE, WEBUYHOMESINAZ, BROOKLYN  
6 BOYS and ESCALADE have failed to file an Answer within 30 days of service of the Notice,  
7 pursuant to A.A.C. Rule R14-4-305.

8 **I.**

9 **FINDINGS OF FACT**

10 1. COMPREHENSIVE CASH FLOW FUNDING, INC. ("COMPREHENSIVE") was,  
11 from July 25, 2003, through January 5, 2010, an Arizona corporation. On January 5, 2010,  
12 COMPREHENSIVE was administratively dissolved by the Commission for failure to file an annual  
13 report. Fried was the president and director of COMPREHENSIVE.

14 2. WEBUYHOMESINAZ, LLC ("WEBUYHOMESINAZ") was organized in Arizona  
15 on December 14, 2004. At the time it was organized, Fried was identified as the manager and a  
16 member of WEBUYHOMESINAZ. On July 1, 2005, COMPREHENSIVE replaced Fried as the  
17 manager and member of WEBUYHOMESINAZ. On May 28, 2009, COMPREHENSIVE was  
18 removed as member and manager and AF Business Ventures, LLC<sup>1</sup> became the manager and a  
19 member of WEBUYHOMESINAZ.

20 3. MY BARGAIN GIFT BAG, LLC FKA BROOKLYN BOYS VENTURES, LLC,  
21 ("BROOKLYN BOYS") was organized in Arizona on August 17, 2005, as an Arizona limited  
22 liability company. At the time it was organized, COMPREHENSIVE was identified as the  
23 manager and a member of BROOKLYN BOYS. On May 28, 2009, BROOKLYN BOYS filed  
24 Articles of Amendment with the Commission changing its name to MY BARGAIN GIFT BAG,  
25

26 <sup>1</sup> AF Business Ventures, LLC was organized as an Arizona limited liability company on May 21, 2009. FRIED is the sole manager and member of AF Business Ventures, LLC.

1 LLC. and substituting AF Business Ventures, LLC for COMPREHENSIVE, as manager and a  
2 member of MY BARGAIN GIFT BAG, LLC.

3 4. LOAN MOD SHRINK, LLC FKA ESCALADE VENTURES, LLC,  
4 (“ESCALADE”) was, since August 22, 2005, an Arizona limited liability company whose manager  
5 and member was COMPREHENSIVE. On January 19, 2010, ESCALADE filed Articles of  
6 Amendment with the Commission changing its name to LOAN MOD SHRINK, LLC. At the same  
7 time, WEBUYHOMESINAZ was substituted for COMPREHENSIVE as manager and a member.

8 5. COMPREHENSIVE, WEBUYHOMESINAZ, BROOKLYN BOYS, and  
9 ESCALADE may be referred to collectively as “Respondents.”

10 6. Between September 2004, and August 2009, Fried, individually and through  
11 COMPREHENSIVE, WEBUYHOMESINAZ, BROOKLYN BOYS and ESCALADE, operated a  
12 real estate investment business that purchased Arizona real estate intending to renovate the  
13 property. Respondents raised money from investors to fund the purchase of the real estate and the  
14 renovation costs. Once the renovated property was sold, the investors were to receive the return of  
15 their principal and the promised return.

16 7. Fried ultimately controlled COMPREHENSIVE, WEBUYHOMESINAZ,  
17 BROOKLYN BOYS and ESCALADE (the “entities”). All business decisions for the named entities  
18 were made by Fried. Fried controlled the bank accounts for all the named entities. The investors  
19 had no control over the entities or the bank accounts.

20 8. Fried, through WEBUYHOMESINAZ, sought investors through various sources  
21 including advertisements in newspapers, members of Fried’s congregation, websites and real estate  
22 investment clubs.

23 9. From about September 2004, through about February 2005, Fried and  
24 WEBUYHOMESINAZ sought investors through the placement of advertisements in the *Jewish*  
25 *News of Greater Phoenix*. The advertisements stated:  
26

1           **Do You Have An IRA Or Any Other Investment Capital That**  
2           **You Are Not Getting A Guaranteed High-Yield Rate Of**  
3           **Return On Safely? We buy homes in Arizona. We borrow funds**  
4           **from private individuals to purchase and/or rehab these homes.**  
5           **Your money is secured by a first position lien, and we pay a**  
6           **guaranteed high-yield interest rate plus 3 months interest when we**  
7           **pay your loan off early. *Investment partnerships are also***  
8           ***available.* Did you know that you can use your IRA to invest in**  
9           **real estate? All transactions are closed by professionals, with title**  
10           **and property insurance, appraisals and all other proper**  
11           **documentation.**

12           10. In response to the advertisement, Fried represented to investors that he would  
13           purchase homes, renovate the homes and then sell the homes for a profit and all the investors  
14           needed to do was provide the funds. Further, Fried represented that investors would receive 12  
15           percent per annum paid monthly. In addition, Fried confirmed the representations in the  
16           advertisement that the investors' investments were to be secured with first position liens as  
17           advertised.

18           11. WEBUYHOMESINAZ's website stated its mission "is to help people invest their  
19           money safely and securely with a guaranteed high-yield return, while we put good people who  
20           don't have great credit into their dream homes!" Further, the information made available for  
21           prospective investors stated "when you put your money to work with us, it grows well beyond  
22           conventional investments."

23           12. WEBUYHOMESINAZ website described its investment opportunity as a "high-  
24           yield low-risk investment opportunity." Further, the website stated that investors "can make a safe  
25           investment in an Arizona Real Estate Secured Loan and Net 10-12%" on their money.

26           13. The website stated: "Invest with us. Wisely Simply and Safely. Put your money to  
work with a High-Yield Low-Risk Investment Opportunities." The website also stated that an  
investment through WEBUYHOMESINAZ is a very safe investment that produces a high-yield.  
According to the website, investors could expect 10 - 12 % return on their investments in two  
years.

1           14.     Beginning in about September 2004, through August 2009, at least 16 investors  
2 invested \$1,976,249.92. Investors have received \$923,127.26 from the Respondents. The  
3 investment date, principal investment amount, and repayment amount, if any, for each investor are  
4 set forth in Exhibit A attached hereto.

5           15.     Investors' funds were deposited into bank accounts controlled by Fried. Investors  
6 typically made their investment checks payable to Fried, COMPREHENSIVE,  
7 WEBUYHOMESINAZ, ESCALADE, or other entities controlled by Fried. Fried transferred funds  
8 between the various bank accounts he controlled.

9           16.     According to the WEBUYHOMESINAZ advertisement and Fried, the investors'  
10 "money is secured by a first position lien." A majority of the promissory notes issued by Fried,  
11 COMPREHENSIVE, BROOKLYN BOYS or ESCALADE stated that the promissory notes were  
12 secured by a "mortgage" or deed of trust on specific properties. The promissory notes were signed  
13 by Fried individually or on behalf of one of his entities.

14           17.     With the promissory note, the investors were also provided with a deed of trust  
15 listing the same property that was listed on the promissory note. The Deeds of Trusts listed the  
16 "grantors" or the Trustors as Fried, BROOKLYN BOYS, ESCALADE or Shefa Ventures, LLC<sup>2</sup>.

17           18.     At least one investor agreed to have a second position lien on real property.

18           19.     At least three investors were provided unsecured promissory notes that were signed  
19 by Fried individually or on behalf of COMPREHENSIVE.

20           20.     Most investors received promissory notes and deeds of trusts at the time they  
21 invested.

22           21.     One group of investors received promissory notes and deeds of trusts several years  
23 after their investments were made. Only after repeated requests for documentation regarding their  
24 investments did they receive the promissory notes and deeds of trusts. The deeds of trusts appeared

25 \_\_\_\_\_  
26 <sup>2</sup> Shefa Ventures, LLC was, since February 18, 2005, an Arizona limited liability company whose manager and  
member was FRIED. On July 1, 2005, COMPREHENSIVE replaced FRIED as the sole member and manager of Shefa  
Ventures, LLC. As of January 5, 2011, FRIED became the sole member and manager of Shefa Ventures, LLC.

1 to have been recorded with the Maricopa County Recorder's office when, in fact, the recordation  
2 stamp was forged and there was no recording reflecting the investors' interest in the property. In  
3 fact, on a number of transactions, neither Fried nor his entities held title to the real property that  
4 was listed in the deeds of trusts.

5 22. The monthly interest payments Fried paid to investors were drawn on any of the  
6 bank accounts Fried controlled including, but not limited to, COMPREHENSIVE,  
7 WEBUYHOMES and other Fried controlled entities. Often, the interest payments to investors were  
8 made with other investors' funds. In at least one instance, interest payments were made to an  
9 investor with their own funds.

10 23. The term of the investment was for six months, but Fried subsequently changed it to  
11 one year. Fried offered some of the investors the option of receiving monthly interest payments  
12 calculated at 12 percent per annum. Other investors were promised an 18 to 20 percent return.

13 24. Investors received monthly interest payments from one of the bank accounts Fried  
14 controlled, until about November 2008. After November 2008, the payments to investors were  
15 paid late. Then, Fried began issuing checks to investors for monthly interest payments on accounts  
16 containing insufficient funds. Eventually, the payments to investors ceased.

17 25. On March 2, 2009, Fried sent an email to some investors stating that all interest  
18 payments would be suspended for "approximately 120 days" to "ensure that our investors/lenders  
19 principal will remain intact, and to avoid any foreclosures. . . ." In addition, the interest rates would  
20 be reduced to six percent. In the same email, Fried stated that "we have been consumed with  
21 maintaining our credit worthiness and good standing with our lenders by borrowing from one  
22 source to pay the others and this has created a massive strain and chaos on completing our projects  
23 to accomplish our goals while paying double digit interest rates. However, I regret to say, this is  
24 simply not sustainable any longer."





1 locate the deceased investor's spouse or natural children surviving at the time of the distribution,  
2 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the  
3 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse  
4 shall be transferred to the general fund of the state of Arizona.

5 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents  
6 COMPREHENSIVE, WEBUYHOMESINAZ, BROOKLYN BOYS and ESCALADE, jointly and  
7 severally pay an administrative penalty in the amount of \$150,000. Payment is due in full on the  
8 date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall  
9 accrue interest as allowed by law.

10 IT IS FURTHER ORDERED that the penalty ordered hereinabove shall bear interest at the  
11 rate of the lesser of ten percent per annum or at a rate per annum that is equal to one per cent plus  
12 the prime rate as published by the board of governors of the federal reserve system in statistical  
13 release H.15 or any publication that may supersede it on the date that the judgment is entered.

14 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be  
15 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments  
16 shall be applied to the penalty obligation.

17 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the  
18 Commission may bring further legal proceedings against that Respondent, including application to  
19 the superior court for an order of contempt.

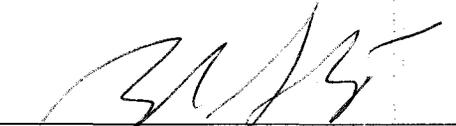
20 IT IS FURTHER ORDERED, that pursuant to A.R.S. § 44-1974, upon application the  
21 Commission may grant a rehearing of this Order. The application must be received by the  
22 Commission at its offices within twenty calendar days after entry of this Order. Unless otherwise  
23 ordered, filing an application for rehearing does not stay this Order. If the Commission does not  
24 grant a rehearing within twenty calendar days after filing the application, the application is  
25 considered to be denied. No additional notice will be given of such denial.

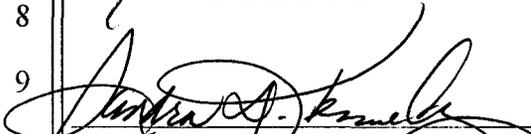
1 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this  
2 Order shall be deemed binding against any Respondent under this Docket Number who is not  
3 subject to this Order.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

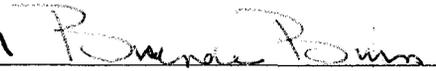
5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

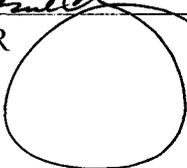
6  
7   
8 CHAIRMAN

  
9 COMMISSIONER

10   
11 COMMISSIONER

  
12 COMMISSIONER

  
13 COMMISSIONER



14 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
15 Executive Director of the Arizona Corporation  
16 Commission, have hereunto set my hand and caused the  
17 official seal of the Commission to be affixed at the Capitol,  
18 in the City of Phoenix, this 16th day  
19 of March, 2012.

20   
21 ERNEST G. JOHNSON  
22 EXECUTIVE DIRECTOR

23 \_\_\_\_\_  
24 DISSENT

25 \_\_\_\_\_  
26 DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA  
Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

(wlc)

## EXHIBIT A

	<u>Investor</u>	<u>Investment Date</u>	<u>Original Investment Amount</u>	<u>Money Returned</u>	<u>Restitution owed at order date</u>
1					
2					
3					
4	A-1	1/22/2007	75,000.00		75,000.00
5	A-2	2/13/2007	20,000.00		20,000.00
6	A-3	5/22/2007	20,000.00		20,000.00
7	B-1	11/4/2004	30,000.00	30,000.00	-
8	B-2	6/29/2007	10,000.00	9,106.00	894.00
9	C-1	7/12/2005	15,000.00	15,000.00	-
10	C-2	9/12/2005	50,000.00	50,000.00	-
11	C-3	9/12/2005	60,000.00	47,366.29	12,633.71
12	C-4	11/4/2005	50,000.00		50,000.00
13	C-5	1/24/2006	50,000.00		50,000.00
14	C-6	3/7/2006	65,000.00		65,000.00
15	C-7	10/10/2006	50,000.00		50,000.00
16	D-1	3/7/2007	20,000.00	9,378.00	10,622.00
17	D-2	10/2/2007	10,000.00		10,000.00
18	D-3	10/2/2007	10,000.00		10,000.00
19	D-4	10/2/2007	10,000.00		10,000.00
20	D-5	10/2/2007	10,000.00		10,000.00
21	D-6	10/2/2007	10,000.00		10,000.00
22	D-7	10/2/2007	10,000.00		10,000.00
23	D-8	7/17/2008	35,000.00		35,000.00
24	E-1	8/6/2008	30,000.00		30,000.00
25	F-1	3/8/2005	14,249.92		14,249.92
26	G-1	11/25/2005	40,000.00	40,000.00	-

1	G-2	6/23/2006	30,000.00	6,199.99	23,800.01
2	G-3	4/25/2007	20,000.00		20,000.00
3	G-4	10/14/2008	50,000.00		50,000.00
4	H-1	7/12/2005	25,000.00	36,127.34	(11,127.34)
5	I-1	10/20/2004	30,000.00	30,000.00	-
6	I-2	1/20/2005	135,000.00	135,000.00	-
7	I-3	5/18/2005	175,000.00	58,965.00	116,035.00
8	I-4	10/10/2006	25,000.00		25,000.00
9	I-5	6/8/2007	160,000.00		160,000.00
10	J-1	3/1/2007	10,000.00	10,000.00	-
11	J-2	8/22/2007	15,000.00	15,000.00	-
12	J-3	10/31/2007	15,000.00	15,000.00	-
13	J-4	7/31/2008	20,000.00	4,546.00	15,454.00
14	K-1	9/11/2006	25,000.00	25,000.00	-
15	K-2	12/24/2008	90,000.00		90,000.00
16	L-1	12/13/2004	10,000.00	10,000.00	-
17	L-2	12/8/2005	8,800.00	8,800.00	-
18	L-3	12/8/2005	1,200.00	7,268.64	(6,068.64)
19	M-1	7/5/2006	15,000.00	15,000.00	-
20	M-2	12/26/2006	5,000.00	5,000.00	-
21	M-3	4/13/2007	2,500.00	300.00	2,200.00
22	N-1	4/25/2006	15,000.00	15,000.00	-
23	N-2	5/3/2006	35,000.00	35,000.00	-
24	N-3	8/21/2006	28,000.00	28,000.00	-
25	N-4	11/21/2006	10,000.00	2,260.00	7,740.00
26					

1	N-5	12/7/2006	10,000.00		10,000.00
2	N-6	1/11/2007	10,000.00		10,000.00
3	O-1	8/8/2006	10,000.00	10,000.00	-
4	O-2	11/13/2006	20,000.00	12,400.00	7,600.00
5	O-3	10/11/2007	20,000.00		20,000.00
6	P-1	5/25/2004	5,000.00	5,000.00	-
7	P-2	5/25/2004	1,500.00	1,500.00	-
8	P-3	12/8/2004	5,000.00	5,000.00	-
9	P-4	12/16/2004	145,000.00	145,000.00	-
10	P-5	8/11/2005	23,500.00	23,500.00	-
11	P-6	9/9/2005	25,000.00	25,000.00	-
12	P-7	9/9/2005	21,500.00	21,500.00	-
13	P-8	10/3/2005	10,000.00	10,000.00	-
14	P-9	12/20/2005	20,000.00	910.00	19,090.00

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15			1,976,249.92	923,127.26	1,053,122.66
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16				Total Restitution owed at Order Date:	1,053,122.66
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21  
22  
23  
24  
25  
26

1 SERVICE LIST FOR: ARTHUR FRIED, COMPREHENSIVE CASH FLOW FUNDING,  
2 INC., WEBUYHOMESINAZ, LLC, MY BARGAIN GIFT BAG, LLC FKA BROOKLYN BOYS  
3 VENTURES, LLC and LOAN MOD SHRINK, LLC FKA ESCALADE VENTURES, LLC.

4 Arthur Fried  
5 1413 42<sup>nd</sup> St  
6 Brooklyn, NY 11219

7 Arthur Fried  
8 1421 Sheepshead Bay Road, No. 163  
9 Brooklyn, NY 11235

10 COMPREHENSIVE CASH FLOW FUNDING, INC.  
11 PO Box 14858  
12 Scottsdale, AZ 85267

13 WEBUYHOMESINAZ, LLC  
14 20235 N. Cave Creek Rd #104-626  
15 Phoenix, AZ 85024

16 MY BARGAIN GIFT BAG, LLC FKA BROOKLYN BOYS VENTURES, LLC  
17 20235 N. Cave Creek Rd #104-626  
18 Phoenix, AZ 85024

19 LOAN MOD SHRINK, LLC FKA ESCALADE VENTURES, LLC  
20 PO Box 14858  
21 Scottsdale, AZ 85267

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3 COMMISSIONERS

4 GARY PIERCE, Chairman  
5 BOB STUMP  
6 SANDRA D. KENNEDY  
7 PAUL NEWMAN  
8 BRENDA BURNS

9 In the matter of: )  
10 ARTHUR FRIED, an unmarried man, )  
11 COMPREHENSIVE CASH FLOW FUNDING, )  
12 INC., a dissolved Arizona corporation, )  
13 WEBUYHOMESINAZ, LLC, an Arizona limited )  
14 liability company, )  
15 MY BARGAIN GIFT BAG, LLC FKA )  
16 BROOKLYN BOYS VENTURES, LLC, an )  
17 Arizona limited liability company, )  
18 and )  
19 LOAN MOD SHRINK, LLC FKA ESCALADE )  
20 VENTURES, LLC, an Arizona limited liability )  
21 company, )  
22 Respondents. )

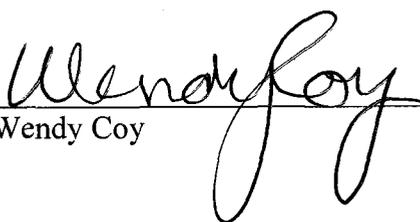
DOCKET NO. S-20826A-11-0455

**NOTICE OF FILING OF AMENDED  
PROPOSED OPEN MEETING  
AGENDA ITEM**

23 Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order To Cease  
24 And Desist, Order For Restitution And Order For Administrative Penalties Re: Comprehensive  
25 Cash Flow Funding, Inc., Webuyhomesinaz, LLC, My Bargain Gift Bag, LLC fka Brooklyn Boys  
26 Ventures, LLC And Loan Mod Shrink, LLC fka Escalade Ventures, LLC was filed with the  
Arizona Corporation Commission's Docket Control.

24 Dated: 3/6/12

By:

  
Wendy Coy

1 I hereby certify that I have this day served the foregoing document on all parties of record  
2 in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

3 Arthur Fried  
4 1413 42<sup>nd</sup> St  
5 Brooklyn, NY 11219

6 Arthur Fried  
7 1421 Sheepshead Bay Road, No. 163  
8 Brooklyn, NY 11235

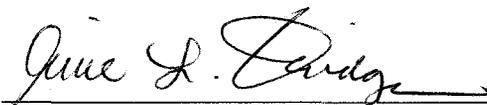
9 COMPREHENSIVE CASH FLOW FUNDING, INC.  
10 PO Box 14858  
11 Scottsdale, AZ 85267

12 WEBUYHOMESINAZ, LLC  
13 20235 N. Cave Creek Rd #104-626  
14 Phoenix, AZ 85024

15 MY BARGAIN GIFT BAG, LLC FKA BROOKLYN BOYS VENTURES, LLC  
16 20235 N. Cave Creek Rd #104-626  
17 Phoenix, AZ 85024

18 LOAN MOD SHRINK, LLC FKA ESCALADE VENTURES, LLC  
19 PO Box 14858  
20 Scottsdale, AZ 85267

21 Dated: 3/6/12

22 By:   
23 Emie R. Bridges, Executive Assistant