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4/12/12



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

ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR



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A 9:44

SECURITIES DIVISION  
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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

MEMORANDUM

TO: Gary Pierce, Chairman  
Bob Stump  
Sandra D. Kennedy  
Paul Newman  
Brenda Burns

Arizona Corporation Commission  
DOCKETED

MAR 30 2012

FROM: Matthew J. Neubert *MJN*  
Director of Securities

DOCKETED BY *MJN*

DATE: March 26, 2012

RE: *In re Robert Coleman Stephens*, Docket No. S-20785A-11-0062

CC: Ernest G. Johnson, Executive Director

Attached for your consideration is a proposed "Order To Cease And Desist, Order For Restitution, Order For Administrative Penalties And Consent To Same" ("Order") executed by Respondent Robert Coleman Stephens ("Respondent").

The Order finds that Respondent sold investments within and from Arizona to raise money to fund a real estate and commercial resort development that would entail condo timeshares and air, car and boat racing.

The order finds that Respondent violated A.R.S. §§ 44-1841 and 44-1842 by offering and selling unregistered securities in the form of investment contracts and notes, and A.R.S. § 44-1991 for failing to disclose to investors various material facts.

The Order requires Respondent to permanently cease and desist from violating the Securities Act, pay restitution and prejudgment interest totaling \$1,366,897 and a \$100,000 administrative penalty.

The Division recommends the Order as appropriate, in the public interest and necessary for the protection of investors.

Originator: Mike Dailey

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

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

In the matter of:	)	DOCKET NO. S-20785A-11-0062
EDWARD JOSEPH BARSANO (a.k.a. "ED BARSANO") and JEANNE BARSANO, husband and wife,	)	DECISION NO. _____
ROBERT COLEMAN STEPHENS (a.k.a. "BOB STEPHENS") and JANE DOE STEPHENS, husband and wife,	)	<b>ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY:</b>
COOLTRADE, INC., an Arizona corporation,	)	
Respondents.	)	<b>RESPONDENT ROBERT COLEMAN STEPHENS</b>

Respondent ROBERT COLEMAN STEPHENS (a.k.a. "BOB STEPHENS", d.b.a. "THE PROJECT" and "THE PROJECT GROUP") ("RESPONDENT") elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this "Order To Cease And Desist, Order For Restitution, Order For Administrative Penalties..."("Order"), and RESPONDENT's Consent To Entry Of Order. RESPONDENT admits the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

**I.**

**FINDINGS OF FACT**

1. At all relevant times, Respondent ROBERT COLEMAN STEPHENS (a.k.a. "BOB STEPHENS", d.b.a. "THE PROJECT" and "THE PROJECT GROUP") ("RESPONDENT") has

1 been a single man and an Arizona resident. At all relevant times, RESPONDENT offered and sold  
2 “The Project” and “The Project Group” investments discussed below within and from Arizona.

3 2. RESPONDENT has not been registered by the Commission as a securities salesman  
4 or dealer.

5 **A. The Project**

6 3. At all relevant times, RESPONDENT represented to offerees and investors that  
7 RESPONDENT was developing a large real estate and commercial project that would variously  
8 entail time share condominiums, a lake and an airstrip or runway on which persons could fish and  
9 drive race cars and speedboats, or fly aircraft. RESPONDENT referred to this development as the  
10 “The Project” and the “The Project Group” (the “Project”).

11 4. RESPONDENT further described the Project to offerees and investors as a “NHRA  
12 themed entertainment complex” involving a golf course, indoor mall, motor home parking, and a  
13 Ferris wheel tantamount to a Walt Disney / raceway type project and timeshare.

14 5. The Project, however, has not been formed as a legal or corporate entity.

15 6. At all relevant times, RESPONDENT offered and sold investments to raise capital to  
16 fund the Project (the “Investments”).

17 **B. Project Investment Terms and Offering Summary**

18 7. From on or about June 2008 to February 2011, RESPONDENT sold at least twenty-  
19 five Investments totaling \$1,162,500 to thirteen investors residing in Arizona and three other states.

20 8. At all relevant times, RESPONDENT represented to offerees and investors that the  
21 Project Investments: (a) could be purchased in amounts ranging from \$20,000, \$50,000 or  
22 \$100,000; (b) would be safe and/or secured by RESPONDENT’s black private jet, a picture of  
23 which was displayed by RESPONDENT during the seminars discussed further below; and (c) pay  
24 investors interest on their principal Project Investments at the rate of twenty percent per annum.

25 9. RESPONDENT caused to be prepared and distributed to offerees and investors a  
26 two page color document titled, “I HAVE A REQUIREMENT FOR \$250,000” (the “First

1 Prospectus”). The First Prospectus states that RESPONDENT would pay investors interest on their  
2 principal Investments at the rate of twenty percent per annum, versus standard market returns of  
3 only two percent and, as a result, a \$100,000 Investment would provide investors with a profit of  
4 \$20,000 per year.

5 10. The First Prospectus further states that RESPONDENT would “POOL” or combine  
6 the Investment funds together to fund the Project and, in answer to the question “WHAT IS YOUR  
7 COLLATERAL????,” RESPONDENT caused two photos of his black Jet to be attached to the  
8 First Prospectus.

9 11. The First Prospectus does not include any restrictions on the ultimate dissemination  
10 of the First Prospectus to third parties by the recipient.

11 12. RESPONDENT similarly caused to be provided offerees and investors a two page  
12 color diagram or flow-chart that details RESPONDENT’s vision for the Project and investors (the  
13 “Second Prospectus”). The Second Prospectus states that Project: (a) will involve approximately  
14 two hundred condominium units, and approximately six thousand time share and/or vacation unit  
15 intervals available to be sold for approximately \$50,000 each, or a total of \$300,000,000; (b) that  
16 because the condominiums or time share units would only cost a total of \$50,000,000 to build,  
17 RESPONDENT and the Project would realize approximately \$250,000,000 in net proceeds; and (c)  
18 that RESPONDENT and the Project investors could ultimately sell equity or ownership interests in  
19 the Project to others via private stock sales or through a “Take Over.” The Second Prospectus  
20 further indicates that Respondents and Project investors could receive additional profits in the form  
21 of revenues from condominium unit rentals, and racing event ticket sales purchased by, for  
22 instance, “100,000 spectators” at Project racing events.

23 13. The Second Prospectus includes photos of airplanes and dragsters, and states that  
24 Project Investments would provide investors with interest on their principal investments at the rate  
25 of twenty percent per year, be collateralized by the black Jet and that RESPONDENT was offering  
26 to sell Project Investments totaling at least \$2,000,000.

1           14.    The Second Prospectus also does not include any restrictions on the ultimate  
2 dissemination of the Second Prospectus to third parties by the recipient.

3           **C.    RESPONDENT's General Solicitation of Investors**

4           15.    In or around December 2010, RESPONDENT also sought to raise money for the  
5 Project by selling training classes relating to an automated computer program that subscribers can  
6 use to buy, sell and trade securities (the "Software").

7           16.    RESPONDENT and the owner of the Software agreed to equally split the fees that  
8 would be paid by Software training class students, "50/50." RESPONDENT planned to use his  
9 share of Software training class revenues to promote the Project.

10          17.    RESPONDENT and the owner of the Software decided to market the Software and  
11 related training classes to the public by presenting seminars held at a theater and bar in Scottsdale,  
12 Arizona (the "Seminar(s)").

13          18.    Seminars were held by RESPONDENT and the owner of the Software on: (a)  
14 January 15, 2011 ("First Seminar"); (b) January 22, 2011 ("Second Seminar"); and (c) January 29,  
15 2011 ("Third Seminar").

16          19.    The majority of RESPONDENT's Project investors and Investment offerees  
17 attended the First, Second and Third Seminars.

18          20.    Like the written seminar invitations discussed below, RESPONDENT referenced the  
19 Project during the Seminars. Without limitation, RESPONDENT represented to attendees of the  
20 Third Seminar that, "What this is is...I have a Project that I was working on to fund that Project  
21 and I've spent literally four years, three years trying to fund that Project..."

22          21.    RESPONDENT was a primary speaker during the Seminars, and he often referenced  
23 pictures from a slide show while speaking, including photos of the black jet, and race or drag boats,  
24 race cars and top fuel dragsters.



**If you are bringing a guest, please limit that to 1 – 2 people only, unless you have already RSVP'd. You can forward this to your guests if you like.**  
(Emphasis added and in original)

1  
2  
3 27. The Evites for the Second and Third Seminars both similarly referenced "...THE  
4 PROJECT" and identified the hosts as the "...Project Group (Bob Stephens)."

5 28. As stated in the Evites, Seminar invitees were encouraged to bring guests, and "1-2  
6 of their friends." They did. Thus, Seminar invitees would often forward their original Evites on to  
7 their friends and invite other people to attend the Seminars to, for instance: (a) "see a business  
8 opportunity" that would provide the Seminar attendee with an "opportunity for retirement;" and (b)  
9 hear about a "new venture." As a result, at least one hundred persons were invited to attend the  
10 Seminars.

11 29. The First Seminar was attended by approximately twenty-five people both in person  
12 and via a "Skype" video/telephone stream. Approximately thirty-five persons attended the Third  
13 Seminar.

14 30. The exact number of persons who attended the Seminars is unknown, in part,  
15 because RESPONDENT did not attempt to accurately count the same, for instance, through the use  
16 and/or retention of attendee sign-in sheets.

17 31. Before, during and after the Seminars, RESPONDENT individually introduced  
18 himself to various Seminar attendees. RESPONDENT did not know the majority of the Seminar  
19 attendees. Similarly, many of the Seminar attendees had no substantial or pre-existing relationship  
20 with RESPONDENT or his Project.

21 32. On February 2, 2011, the Division filed a Temporary Order To Cease And Desist  
22 And Notice Of Opportunity For Hearing" (TC&D) in this matter that alleges that RESPONDENT  
23 was violating the Securities Act by offering and selling unregistered securities, in part, by  
24 presenting the Seminars to the general public relating to "The Project" and/or "The Project Group."  
25 (See, TC&D, ¶¶3, 11-14, 19, 63-67). Thereafter, RESPONDENT ceased presenting the Seminars  
26 to the general public.

1           33. In addition to the Seminars, at all relevant times, RESPONDENT engaged in a  
2 search to find persons to assist RESPONDENT in effecting Investment offers and sales including,  
3 without limitation, numerous existing investors. RESPONDENT provided the assistants with  
4 information, for instance, regarding his Arizona bank account into which new investors could wire  
5 their principal Project Investment funds.

6           34. RESPONDENT selected assistants that had substantial, pre-existing social or  
7 professional networking contacts or who, due to their job, had an extensive client base or were part  
8 of extensive social or civil networks. For instance, assistants used by RESPONDENT to help him  
9 promote both RESPONDENT himself and the Investments included, without limitation: (a) at least  
10 two Arizona real estate agents; (b) a licensed insurance salesman; and (c) members of a local  
11 minority business chamber of commerce and a civic advisory panel.

12           35. The First and Second Prospectuses, and Project Investment information were  
13 distributed by assistants to their friends, clients and/or professional contacts. For instance, one  
14 assistant wrote an email to a potential investor and eventual Seminar attendee dated November 1,  
15 2010, that: (a) encouraged the potential investor to attend a Project meeting to be held in Scottsdale  
16 on November 3, 2010; and (b) encouraged the potential investor to invite her friends “and/or any  
17 investor you want to bring in. This is the initial phase of the project, we can let you know more of  
18 the project at the meeting this Wednesday.”

19           36. In another case, an assistant who is a realtor forwarded the Prospectus on to  
20 approximately twelve of his business contacts. This assistant also talked to a lot of people to  
21 determine whether they were interested in either loaning RESPONDENT money or investing in the  
22 Project.

23           37. At all relevant times, RESPONDENT and approximately five assistants met  
24 approximately twenty to thirty times in person in Scottsdale to discuss both the Project and who  
25 might be interested in purchasing a Project Investment. RESPONDENT and these assistants  
26 referred to themselves as being members of the “core group.”

1           38.     RESPONDENT represented to one member of the core group that he was looking  
2 for private investors to fund the Project. This assistants understood that to continue to be a member  
3 of the core group, the assistants try to find investors to funnel to RESPONDENT for the Project,  
4 and, for instance, forward the First Prospectus on to the assistants' friends and business contacts  
5 who might be interested in "being a conduit to bring on [Project Investment] investors."

6           **D.     General Project Investment Allegations**

7           39.     At all relevant times, RESPONDENT represented to offerees and investors that  
8 RESPONDENT would manage the essential elements of the Investments on behalf of investors  
9 and, without limitation, negotiate and execute real estate development contracts and sponsorship  
10 and/or marketing agreements with boat and drag racing teams to be involved with the Project.

11          40.     Investors purchased their Project Investments based on RESPONDENT's  
12 representations that RESPONDENT was an able and experienced real estate developer who had,  
13 for instance, profitably built thousands of condominium units in both Arizona and California, and  
14 was a member of a family that owned a very large and successful Arizona business.

15          41.     At all relevant times, RESPONDENT represented to investors both verbally and in  
16 writing that RESPONDENT's ability to repay investors their principal Investments and/or  
17 promised interest profits was interwoven with and primarily dependent on RESPONDENT's real  
18 estate development and financial experience and expertise and his ability to profitably develop,  
19 construct and/or operate the Project.

20          42.     At least one Project Investment purchased by a Washington investor in September  
21 2009 for \$50,000 with an unsecured, "Promissory Note...Installment Payments with Interest,"  
22 prepared, made and executed by RESPONDENT in his individual capacity (the "Note"). The Note  
23 promises the investor that RESPONDENT would pay her \$10,000 per month for 120 months, or a  
24 total return on the Project Investment of \$1,200,000. To date, RESPONDENT has not repaid any  
25 money to the Washington investor as set forth in the Note.

26

1           43.     Project investors made their principal investment checks and/or wire transfers payable  
2 to RESPONDENT. Investors' principal Investment funds were deposited, commingled and/or  
3 combined in an Arizona bank account owned and controlled by RESPONDENT (the "Arizona Bank  
4 Account").

5           **E.     RESPONDENT's Misrepresentations and Omissions of Material Facts**

6           44.     Unbeknownst to offerees and investors, RESPONDENT previously was the owner and  
7 operator of a "consulting" business operated through a company called Big Iron Garage Big, Inc.  
8 ("Big") incorporated by RESPONDENT as an Arizona corporation on June 9, 2003. At all relevant  
9 times, RESPONDENT was Big's president.

10          45.     On or about July 20, 2006, RESPONDENT and Big obtained a \$900,000 loan from a  
11 Delaware lender (the "First Big Loan"). RESPONDENT personally guaranteed the First Big Loan  
12 and the related promissory note that obligated RESPONDENT and Big to pay annual interest on the  
13 First Big Loan totaling 12.625%, and monthly payments of \$9,822.46 until August 1, 2036.  
14 RESPONDENT and Big defaulted on the First Big Loan and, as of April 27, 2007, the Delaware  
15 lender was owed \$1,387,993.72. After the Delaware lender apparently foreclosed on its loan  
16 collateral, RESPONDENT and Big owed the Delaware lender a total of \$567,993.72. Unbeknownst  
17 to offerees and investors, the Delaware lender filed a lawsuit against both RESPONDENT and Big in  
18 Maricopa County Superior Court for breach of contract on June 18, 2007 (*See*, CV2007-010795).  
19 RESPONDENT and Big failed to timely defend the lawsuit and the Delaware lender obtained a final  
20 judgment against RESPONDENT and Big totaling \$574,166.24 on or about November 20, 2007 (the  
21 "First Judgment"). To date, neither RESPONDENT nor Big have paid any money towards  
22 satisfaction of the First Judgment.

23          46.     Similarly, RESPONDENT and Big leased a commercial property from an Arizona  
24 resident on or about January 16, 2006. The lease agreement was unconditionally guaranteed by  
25 RESPONDENT, and obligated RESPONDENT and Big to pay the landlord escalating monthly rent  
26 up to \$5,574 for a period of three years and three months. RESPONDENT and Big defaulted on the

1 lease, and the landlord filed a civil lawsuit against RESPONDENT and Big on November 2, 2007, for  
2 breach of contract in Maricopa County Superior Court (*See*, CV2007-052968). RESPONDENT and  
3 Big did not defend this lawsuit, and the landlord obtained default judgments against: (a)  
4 RESPONDENT on September 2, 2008, totaling \$88,079; and (b) Big on April 28, 2008, totaling  
5 \$96,392.32 (collectively, the "Second Judgments"). To date, the Second Judgments remain unpaid.

6 47. RESPONDENT's previous construction business has also resulted in civil judgments  
7 being levied against him. Without limitation, RESPONDENT and his former company Concrete  
8 Forms were sued for breach of contract, resulting in a default judgment being entered against  
9 RESPONDENT and his company on or about November 23, 1990, in the amount of \$35,000, plus  
10 costs and interest thereon at the rate of ten percent per year (the "Third Judgment") (*See*, Pima County  
11 Superior Court Case No. 265284). Due to non-payment, the Third Judgment has been renewed on  
12 multiple occasions in 2005 and 2010. The last renewal of the Third Judgment by the judgment  
13 creditor was for the original \$35,000 amount, plus costs totaling \$209.01 and interest thereon totaling  
14 \$104,994.71 as of February 3, 2010, or a total of \$140,203.72. To date, the Third Judgment remains  
15 unpaid.

16 48. Unbeknownst to offerees and investors, RESPONDENT has not secured their  
17 Investments by filing any liens in their favor on RESPONDENT's black Jet. Although did use  
18 approximately \$150,000 of Project Investment funds to purchase the black jet in 2008,  
19 RESPONDENT sold the jet for \$30,000 January 2012.

20 49. Project investors made their principal investment checks and/or wire transfers payable  
21 to STEPHENS. Investors' principal Investment funds were deposited, commingled and/or combined  
22 in an Arizona bank account owned and controlled by STEPHENS (the "Arizona Bank Account").  
23 Unbeknownst to offerees and investors, STEPHENS used Investment funds deposited into the Arizona  
24 Bank Account, in part, to pay for personal and/or questionable expenses unrelated to the Project  
25 including, but not limited to, personal vehicle repairs.

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II.

CONCLUSIONS OF LAW

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

5 2. RESPONDENT offered or sold securities within or from Arizona, within the  
6 meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

7 3. RESPONDENT violated A.R.S. § 44-1841 by offering or selling securities that were  
8 neither registered nor exempt from registration.

9 4. RESPONDENT violated A.R.S. § 44-1842 by offering or selling securities while  
10 neither registered as a dealer or salesman nor exempt from registration.

11 5. RESPONDENT violated A.R.S. § 44-1991 by (a) employing a device, scheme, or  
12 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c)  
13 engaging in transactions, practices, or courses of business that operate or would operate as a fraud  
14 or deceit. RESPONDENT's conduct includes:

- 15 a. Representing to offerees and investors that the Project would be successful and  
16 profitable, in part, because RESPONDENT was an able, experienced and successful  
17 business person, while further failing to disclose to them the existence of his previously  
18 failed BIG business, and that: (1) RESPONDENT and BIG were unable to repay the  
19 First Big Loan personally guaranteed by RESPONDENT, and that the Delaware  
20 lender obtained a final First Judgment against RESPONDENT and Big on or about  
21 November 20, 2007, in the total amount of \$574,166.24; (2) RESPONDENT and BIG  
22 were unable to honor the lease unconditionally guaranteed by RESPONDENT and, as  
23 result, that the Second Judgments were entered against them in 2008 in the amounts of  
24 \$88,079 and \$96,392.32 respectively; and (3) that neither RESPONDENT or BIG  
25 have paid any money towards satisfaction of the First and Second Judgments;  
26



1 Commission finds that the following relief is appropriate, in the public interest, and necessary for  
2 the protection of investors:

3 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT, and any of  
4 RESPONDENT's agents, employees, successors and assigns, permanently cease and desist from  
5 violating the Securities Act.

6 IT IS FURTHER ORDERED that RESPONDENT complies with the attached Consent to  
7 Entry of Order.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall pay  
9 restitution to the Commission in the principal amount of \$1,162,500. Payment is due in full on the  
10 date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-  
11 bearing account controlled by the Commission. Any principal amount outstanding shall accrue  
12 interest at the rate of 10 percent per annum from the date of purchase until paid in full. Interest in  
13 the amount of \$204,397 has accrued from the date of purchase to April 12, 2012.

14 The Commission shall disburse the funds on a pro-rata basis to investors shown on the  
15 records of the Commission. Any restitution funds that the Commission cannot disburse because an  
16 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an  
17 investor because the investor is deceased and the Commission cannot reasonably identify and  
18 locate the deceased investor's spouse or natural children surviving at the time of the distribution,  
19 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the  
20 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse  
21 shall be transferred to the general fund of the state of Arizona.

22 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENT shall pay  
23 an administrative penalty in the amount of \$100,000. Payment is due in full on the date of this  
24 Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue  
25 interest from the date judgment is entered at the rate of 10 percent per annum.

26

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

4           IT IS FURTHER ORDERED, that if RESPONDENT fails to comply with this order, the  
5 Commission may bring further legal proceedings against Respondent, including application to the  
6 superior court for an order of contempt.

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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 has not  
3 consented to the entry of this Order.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

6  
7 CHAIRMAN

COMMISSIONER

8  
9  
10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
12 Executive Director of the Arizona Corporation Commission,  
13 have hereunto set my hand and caused the official seal of the  
14 Commission to be affixed at the Capitol, in the City of  
15 Phoenix, this \_\_\_\_ day of \_\_\_\_\_, 2012.

16  
17 ERNEST G. JOHNSON  
18 EXECUTIVE DIRECTOR

19 DISSENT

20  
21  
22 DISSENT

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

25 (MD)

26

**CONSENT TO ENTRY OF ORDER**

1  
2 1. ROBERT COLEMAN STEPHENS (a.k.a. "BOB STEPHENS", d.b.a. "THE  
3 PROJECT" and "THE PROJECT GROUP") ("RESPONDENT"), an individual, admits the  
4 jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENT  
5 acknowledges that RESPONDENT has been fully advised of RESPONDENT's right to a hearing  
6 to present evidence and call witnesses and RESPONDENT knowingly and voluntarily waives any  
7 and all rights to a hearing before the Commission and all other rights otherwise available under  
8 Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENT  
9 acknowledges that this "Order To Cease And Desist, Order For Restitution, Order For  
10 Administrative Penalties..." ("Order") constitutes a valid final order of the Commission.

11 2. RESPONDENT knowingly and voluntarily waives any right under Article 12 of the  
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
13 resulting from the entry of this Order.

14 3. RESPONDENT acknowledges and agrees that this Order is entered into freely and  
15 voluntarily and that no promise was made or coercion used to induce such entry.

16 4. RESPONDENT understands and acknowledges that RESPONDENT has a right to  
17 seek counsel regarding this Order, and that Respondent has had the opportunity to seek counsel  
18 prior to signing this Order. RESPONDENT acknowledges and agrees that, despite the foregoing,  
19 RESPONDENT freely and voluntarily waives any and all right to consult or obtain counsel prior to  
20 signing this Order.

21 5. RESPONDENT neither admits nor denies the Findings of Fact and Conclusions of  
22 Law contained in this Order. RESPONDENT agrees that RESPONDENT shall not contest the  
23 validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or  
24 future proceeding in which the Commission or any other state agency is a party concerning the  
25 denial or issuance of any license or registration required by the state to engage in the practice of  
26 any business or profession.

1           6.       By consenting to the entry of this Order, RESPONDENT agrees not to take any  
2 action or to make, or permit to be made, any public statement denying, directly or indirectly, any  
3 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is  
4 without factual basis. RESPONDENT will undertake steps necessary to assure that all of  
5 Respondent's agents and employees understand and comply with this agreement.

6           7.       While this Order settles this administrative matter between RESPONDENT and the  
7 Commission, RESPONDENT understands that this Order does not preclude the Commission from  
8 instituting other administrative or civil proceedings based on violations that are not addressed by  
9 this Order.

10          8.       RESPONDENT understands that this Order does not preclude the Commission from  
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
12 that may be related to the matters addressed by this Order.

13          9.       RESPONDENT understands that this Order does not preclude any other agency or  
14 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
15 proceedings that may be related to matters addressed by this Order.

16          10.       RESPONDENT agrees that RESPONDENT will not apply to the state of Arizona  
17 for registration as a securities dealer or salesman or for licensure as an investment adviser or  
18 investment adviser representative until such time as all restitution and penalties under this Order are  
19 paid in full.

20          11.       Respondent agrees that RESPONDENT will not exercise any control over any entity  
21 that offers or sells securities or provides investment advisory services within or from Arizona until  
22 such time as all restitution and penalties under this Order are paid in full.

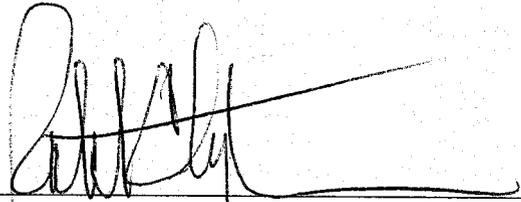
23          12.       RESPONDENT agrees that RESPONDENT will continue to cooperate with the  
24 Securities Division including, but not limited to, providing complete and accurate testimony at any  
25 hearing in this matter and cooperating with the state of Arizona in any related investigation or any  
26 other matters arising from the activities described in this Order.

1           13.     RESPONDENT consents to the entry of this Order and agrees to be fully bound by  
2 its terms and conditions.

3           14.     RESPONDENT acknowledges and understands that if RESPONDENT fails to  
4 comply with the provisions of the order and this consent, the Commission may bring further legal  
5 proceedings against RESPONDENT, including application to the superior court for an order of  
6 contempt.

7           15.     RESPONDENT understands that default shall render RESPONDENT liable to the  
8 Commission for its costs of collection and interest at the maximum legal rate.

9           16.     RESPONDENT agrees and understands that if RESPONDENT fails to make any  
10 payment as required in the Order, any outstanding balance shall be in default and shall be  
11 immediately due and payable without notice or demand. RESPONDENT agrees and understands  
12 that acceptance of any partial or late payment by the Commission is not a waiver of default by the  
13 Commission.

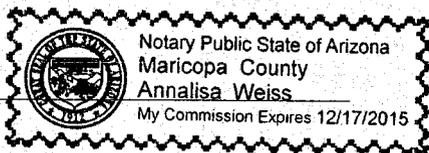
  
\_\_\_\_\_  
ROBERT COLEMAN STEPHENS

17 STATE OF ARIZONA        )  
18                                        ) ss  
19 County of Maricopa        )

20 SUBSCRIBED AND SWORN TO BEFORE me this 23 day of March, 2012.

  
\_\_\_\_\_  
NOTARY PUBLIC

23 My commission expires:



1 SERVICE LIST FOR: *In re Robert Coleman Stephens, S-20785A-11-0062*

2 Robert Coleman Stephens  
3 36889 N. Thom Darlington  
4 B7-35  
5 Carefree, AZ 85377  
6 *Respondent Pro Se*

7 Robert J. Itri, Esq.  
8 Robert Mitchell, Esq.  
9 Gallagher & Kennedy, P.A.  
10 2575 East Camelback Road  
11 Phoenix, Arizona 85016  
12 *Attorneys for Respondents*  
13 *Edward Joseph Barsano,*  
14 *Jeanne Barsano,*  
15 *and Cooltrade, Inc.*

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

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

In the matter of:

EDWARD JOSEPH BARSANO (a.k.a. "ED BARSANO") and JEANNE BARSANO, husband and wife,

ROBERT COLEMAN STEPHENS (a.k.a. "BOB STEPHENS") and JANE DOE STEPHENS, husband and wife,

COOLTRADE, INC., an Arizona corporation,

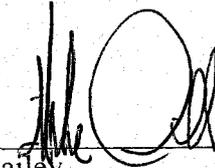
Respondents.

DOCKET NO. S-20785A-11-0062

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

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Respondent Robert Coleman Stephens was filed with the Arizona Corporation Commission's Docket Control.

Dated: 3/30/12

By: 

Mike Dailey  
Attorney for the Securities Division of the  
Arizona Corporation Commission

Decision No. \_\_\_\_\_

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 Robert Coleman Stephens  
4 36889 N. Thom Darlington  
5 B7-35  
6 Carefree, AZ 85377  
7 *Respondent Pro Se*

8 Robert J. Itri, Esq.  
9 Robert Mitchell, Esq.  
10 Gallagher & Kennedy, P.A.  
11 2575 East Camelback Road  
12 Phoenix, Arizona 85016  
13 *Attorneys for Respondents*  
14 *Edward Joseph Barsano,*  
15 *Jeanne Barsano,*  
16 *and Cooltrade, Inc.*

17 Dated: \_\_\_\_\_

3/30/12

18 By: \_\_\_\_\_

