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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

APR 17 2012

COMMISSIONERS

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

DOCKETED BY
nr

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. 73117

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

RE: ARTHUR FRIED

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 February 6, 2012, a copy of the Notice was sent to FRIED's last known address via
2 certified mail. The address was located at an UPS Store facility. On February 9, 2012, the
3 manager of the UPS Store facility signed the return receipt card and notified FRIED, in writing,
4 that a small package was delivered and to claim the small package from a store clerk within five
5 days. On February 10, 2012, FRIED signed a receipt identifying the package by postal code and
6 tracking number confirming that FRIED received the Notice sent by the Arizona Corporation
7 Commission, Securities Division.

8 **I.**

9 **FINDINGS OF FACT**

10 1. ARTHUR FRIED ("FRIED") was, at all relevant times, a resident of Scottsdale,
11 Arizona. FRIED now resides in Brooklyn, New York.

12 2. Comprehensive Cash Flow Funding, Inc. ("Comprehensive") was, from July 25,
13 2003, through January 5, 2010, an Arizona corporation. On January 5, 2010, Comprehensive was
14 administratively dissolved by the Commission for failure to file an annual report. FRIED was the
15 president and director of Comprehensive.

16 3. Webuyhomesinaz, LLC ("Webuyhomesinaz") was organized in Arizona on
17 December 14, 2004. At the time it was organized, FRIED was identified as the manager and a
18 member of Webuyhomesinaz. On July 1, 2005, Comprehensive replaced FRIED as the manager
19 and member of Webuyhomesinaz. On May 28, 2009, Comprehensive was removed as member and
20 manager and AF Business Ventures, LLC¹ became the manager and a member of
21 Webuyhomesinaz.

22 4. My Bargain Gift Bag, LLC FKA Brooklyn Boys Ventures, LLC, ("Brooklyn Boys")
23 was organized in Arizona on August 17, 2005, as an Arizona limited liability company. At the time
24 it was organized, Comprehensive was identified as the manager and a member of Brooklyn Boys.

25
26 ¹ 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 On May 28, 2009, Brooklyn Boys filed Articles of Amendment with the Commission changing its
2 name to My Bargain Gift Bag, LLC. and substituting AF Business Ventures, LLC for
3 Comprehensive, as manager and a member of My Bargain Gift Bag, LLC.

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

9 6. FRIED may be referred to as “Respondent.”

10 7. Between September 2004, and August 2009, FRIED, individually and through
11 Comprehensive, Webuyhomesinaz, Brooklyn Boys and Escalade, operated a real estate investment
12 business that purchased Arizona real estate intending to renovate the property. FRIED raised
13 money from investors to fund the purchase of the real estate and the renovation costs. Once the
14 renovated property was sold, the investors were to receive the return of their principal and the
15 promised return.

16 8. FRIED ultimately controlled Comprehensive, Webuyhomesinaz, Brooklyn Boys and
17 Escalade (the “entities”). All business decisions for the named entities were made by FRIED.
18 FRIED controlled the bank accounts for all the named entities. The investors had no control over
19 the entities or the bank accounts.

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

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

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

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

26 14. 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 15. 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 FRIED. The investment date,
3 principal investment amount, and repayment amount, if any, for each investor are set forth in
4 Exhibit A attached hereto.

5 16. Investors' funds were deposited into bank accounts controlled by FRIED. Investors
6 typically made their investment checks payable to FRIED, Comprehensive, Webuyhomesinaz,
7 Escalade, or other entities controlled by FRIED. FRIED transferred funds between the various bank
8 accounts he controlled.

9 17. 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 secured by a
12 "mortgage" or deed of trust on specific properties. The promissory notes were signed by FRIED
13 individually or on behalf of one of his entities.

14 18. 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, LLC².

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

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

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

22 22. 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 ² 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 23. 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, Webuyhomes and
7 other FRIED controlled entities. Often, the interest payments to investors were made with other
8 investors' funds. In at least one instance, interest payments were made to an investor with their own
9 funds.

10 24. The term of the investment was for six months, but FRIED subsequently changed it
11 to 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 25. 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
16 accounts containing insufficient funds. Eventually, the payments to investors ceased.

17 26. 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."

25

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III.**ORDER**

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3 THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the
4 Commission finds that the following relief is appropriate, in the public interest, and necessary for
5 the protection of investors:

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

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that FRIED shall, jointly and
9 severally with Comprehensive Cash Flow Funding, Inc., Webuyhomesinaz, LLC, My Bargain Gift
10 Bag, LLC FKA Brooklyn Boys Ventures, LLC and Loan Mod Shrink, LLC FKA Escalade
11 Ventures, LLC under Docket No. S-20826A-11-0455, pay restitution to the Commission in the
12 principal amount of \$1,053,122.66, plus interest from the date of purchase until paid in full, subject
13 to legal setoffs pursuant to A.A.C. R14-4-308, as shown on attached Exhibit A. Payment is due in
14 full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an
15 interest-bearing account controlled by the Commission.

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

21 The Commission shall disburse the funds on a pro-rata basis to investors shown on the
22 records of the Commission. Any restitution funds that the Commission cannot disburse because an
23 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an
24 investor because the investor is deceased and the Commission cannot reasonably identify and
25 locate the deceased investor's spouse or natural children surviving at the time of the distribution,
26 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the

1 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse
2 shall be transferred to the general fund of the state of Arizona.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that FRIED shall, jointly and
4 severally with all Respondents against whom orders are entered under Docket No. S-20826A-11-
5 0455, pay an administrative penalty in the amount of \$150,000. Payment is due in full on the date
6 of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall
7 accrue interest as allowed by law.

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

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

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

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

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

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

Gary L. Quinn

CHAIRMAN

[Signature]

COMMISSIONER

[Signature]

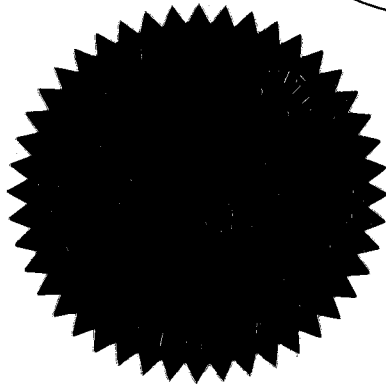
COMMISSIONER

Paul Newman

COMMISSIONER

EXCUSED
COMM. BURNS

COMMISSIONER



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

[Signature]

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT

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.

(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

		1,976,249.92	923,127.26	1,053,122.66
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Total Restitution owed
at Order Date: 1,053,122.66

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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 42nd 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

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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:)
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

**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 And Order For Administrative Penalties Re: Arthur Fried was
filed with the Arizona Corporation Commission's Docket Control.

Dated: 3/30/12 By: 
Wendy Coy

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

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Arthur Fried
1413 42nd St
Brooklyn, NY 11219

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

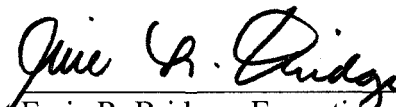
COMPREHENSIVE CASH FLOW FUNDING, INC.
PO Box 14858
Scottsdale, AZ 85267

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

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

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

Dated: 3/30/12

By: 
Emie R. Bridges, Executive Assistant