

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION  
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COMMISSIONERS

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

In the matter of: )  
 TRUE NORTH BUSINESS VENTURES )  
 LLC, a Wyoming Limited Liability )  
 Company; and )  
 MARVIN QUINTON WILSON and )  
 KRISTA DIANNE WILSON, husband and )  
 wife, )  
 Respondents. )

DOCKET NO. S-20854A-12-0367  
**NOTICE OF OPPORTUNITY FOR HEARING  
 REGARDING PROPOSED ORDER TO  
 CEASE AND DESIST, ORDER FOR  
 RESTITUTION, ORDER FOR  
 ADMINISTRATIVE PENALTIES, AND  
 ORDER FOR OTHER AFFIRMATIVE  
 ACTION**

**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 respondents TRUE NORTH BUSINESS VENTURES LLC and MARVIN QUINTON WILSON have 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.**

**RESPONDENTS**

2. TRUE NORTH BUSINESS VENTURES LLC (hereafter "TNBV") and MARVIN QUINTON WILSON (hereafter "WILSON"), may be referred to collectively as "Respondents."

3. WILSON has been an Arizona resident at all relevant times.



1           15.    TNBV sold to its clients packages of merchant services which included  
2 combinations of: website creation, online advertising, search engine optimization, consultations,  
3 and credit card merchant processing arrangements. These products for paid for by use of credit  
4 cards.

5           16.    TNBV's credit card charge back rate grew from approximately 2% for most of 2010  
6 to as high as 15 to 20% due to unauthorized activity.

7           17.    Credit card charge backs in excess of 1% of credit account volume may cause the  
8 account provider to terminate the account, because excessive charge backs indicate a greater  
9 likelihood of fraudulent activity in the account.

10          18.    All six of TNBV's credit card merchant accounts were terminated as a result of the  
11 excessive chargeback rates.

12          19.    TNBV was experiencing significant losses as early as mid-February, 2011.

13                   **B. TNBV's Bond Sales**

14          20.    TNBV hired in-house counsel on or about March 11, 2011 expressly for the purpose  
15 of raising capital.

16          21.    On or about April 11, 2011, TNBV issued a "FRAUD UPDATE" letter to its  
17 existing clients warning them of fraudulent schemes of former employees who possessed TNBV  
18 client information.

19          22.    The Fraud Update did not inform TNBV clients of TNBV's financial distress,  
20 TNBV's inability to pay employees, the significant decline in TNBV's sales figures, the significant  
21 increase in TNBV's charge back rates and/or TNBV's intention to sell bonds.

22          23.    Between approximately April and July, 2011, TNBV sales agents were told to offer  
23 bonds to existing TNBV merchant services clients.

24          24.    TNBV sales agents provided potential investors with a two-page "TNBV Bond  
25 Prospectus" containing some risk disclosure and financial terms via e-mail and reading over the  
26 phone.

1           25.     TNBV sales agents possessed no more information to communicate to investors  
2 beyond what was stated on the bond prospectuses.

3           26.     The TNBV Bond Prospectus disclosed only the following generic risks:

- 4                 a)     “There are certain risks associated with start-up enterprises.”  
5                 b)     “Economic instability and governmental investigations/audits are known to  
6 affect business operating in the same space as True North Business Ventures.”  
7                 c)     “Past performance of True North Business Ventures is not an indicator of  
8 future results.”

9           27.     The TNBV Bond Prospectus further promised the following:

- 10                a)     “Investment in True North Business Ventures will set the stage for  
11 aggressive growth of the enterprise while simultaneously helping to insulate the company from  
12 prospective competitors.”  
13                b)     “Investment in True North Business Ventures will allow the company to  
14 execute strategies that will enable a more dominant presence in the company’s niche market.”

15           28.     At no time did TNBV inform bond purchasers that:

- 16                a)     Prior to the first bond sale, TNBV “sales were almost non-existent and things  
17 began caving in fast” as described in a post-hoc letter by WILSON.  
18                b)     Fraudulent charge backs and/or other market conditions had left TNBV  
19 unable to pay its employees and on the verge of closing its business.  
20                c)     TNBV’s profitability had significantly decreased such that by August, 2011,  
21 TNBV’s gross profit for the eight months of 2011 was just \$423,000, compared to over \$1.1  
22 million for 2010.  
23                d)     TNBV’s merchant accounts necessary to bill clients were closed or in danger  
24 of closing due to TNBV’s excessively high charge back rate.

25           29.     TNBV ultimately sold at least 8 unsecured bonds in the name of True North  
26 Business Ventures, LLC to six investors. The bonds were signed by Marvin Wilson as president

1 and CEO, stated interest between 10 and 60 percent, and matured on various dates between 2013 to  
2 2016.

3 **IV.**

4 **VIOLATION OF A.R.S. § 44-1841**

5 **(Offer or Sale of Unregistered Securities)**

6 30. From on or about April, 2011, Respondents offered or sold securities in the form of  
7 True North Business Ventures, LLC bonds within or from Arizona.

8 31. The securities referred to above were not registered pursuant to Articles 6 or 7 of the  
9 Securities Act.

10 32. This conduct violates A.R.S. § 44-1841.

11 **V.**

12 **VIOLATION OF A.R.S. § 44-1842**

13 **(Transactions by Unregistered Dealers or Salesmen)**

14 33. Respondents offered or sold securities within or from Arizona while not registered as  
15 dealers or salesmen pursuant to Article 9 of the Securities Act.

16 34. This conduct violates A.R.S. § 44-1842.

17 **VI.**

18 **VIOLATION OF A.R.S. § 44-1991**

19 **(Fraud in Connection with the Offer or Sale of Securities)**

20 35. In connection with the offer or sale of securities within or from Arizona, Respondents  
21 directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements  
22 of material fact or omitted to state material facts that were necessary in order to make the statements  
23 made not misleading in light of the circumstances under which they were made; or (iii) engaged in  
24 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon  
25 offerees and investors. Respondents' conduct includes, but is not limited to, the following:  
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a) Failing to inform potential investors that fraudulent charge backs and/or other market conditions had left TNBV unable to pay its employees and on the verge of closing its business.

b) Failing to inform potential investors that TNBV's profitability had significantly decreased.

c) Failing to inform potential investors that TNBV's merchant accounts necessary to bill clients were closed or in danger of closing due to TNBV's excessively high charge back rate.

36. This conduct violates A.R.S. § 44-1991.

**VII.**

**REQUESTED RELIEF**

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. § 44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order Respondents 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;
4. Order that the marital communities of Wilson and Respondent Spouses be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and
5. Order any other relief that the Commission deems appropriate.

**XIII.****HEARING OPPORTUNITY**

Each respondent including Respondent Spouse may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a Respondent or a Respondent Spouse requests a hearing, the requesting 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.

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

**XIV.****ANSWER REQUIREMENT**

Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona

1 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be  
2 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site  
3 at <http://www.azcc.gov/divisions/hearings/docket.asp>.

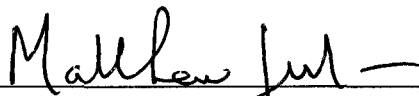
4 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant  
5 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a  
6 copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007,  
7 addressed to Steven Briggs.

8 The Answer shall contain an admission or denial of each allegation in this Notice and the  
9 original signature of the answering respondent or respondent's attorney. A statement of a lack of  
10 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not  
11 denied shall be considered admitted.

12 When the answering respondent intends in good faith to deny only a part or a qualification  
13 of an allegation, the respondent shall specify that part or qualification of the allegation and shall  
14 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

15 The officer presiding over the hearing may grant relief from the requirement to file an  
16 Answer for good cause shown.

17 Dated this 15th day of August, 2012.

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21 Matthew J. Neubert  
22 Director of Securities  
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