

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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GARY PIERCE, Chairman
BOB STUMP
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ARIZONA CORP COMMISSION
DOCKET CONTROL

In the matter of:
Huel Cox, CRD# 1638341, an unmarried
man,
Respondent.

DOCKET NO. S-20862A-12-0428

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, ORDER OF REVOCATION,
ORDER FOR ADMINISTRATIVE
PENALTIES, AND 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 respondent Huel Cox has 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.

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Arizona Corporation Commission
DOCKETED

OCT - 3 2012

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II.

RESPONDENT

2. Huel Cox (CRD# 1638341) (“Cox” or “Respondent”) is an unmarried man residing in Phoenix, Arizona. At all relevant times, Cox was present in Arizona.

3. From May 12, 1987, until November 8, 2011, Cox had been registered as a securities salesman with the Commission in association with PFS Investments Inc. (CRD# 10111) (“PFS”). PFS terminated Cox for cause effective November 1, 2011. Since his termination, Cox has not associated with any securities dealer.

III.

FACTS

4. From 1998 until 2011 Cox managed client DS’s investments which up to November 2005 were principally annuities and mutual funds. DS trusted Cox because they met socially and regularly and discussed DS’s financial condition. Because of their relationship and Cox’s knowledge of DS’s financial condition, DS never thought Cox was doing anything but looking after his best interests.

5. In or around August 2005, Cox recommended to DS that he use his investment funds to invest in a Florida casino. Cox represented to DS that the casino investment would net \$500 monthly payments and help provide a steady stream of income to support DS’s retirement.

6. Cox also recommended to DS that he invest in three different real estate properties: (1) in or around June 2007, to make improvements to a home owned by a friend of Cox’s, (2) in or around September 2007, a property located in Georgia where the owner needed help making his monthly payments, and (3) in or around, March 2008, a property located in Tucson, Arizona. Cox was not specific as to the return on the real estate investments but Cox told DS that he would receive a return when the properties were sold. Cox did not tell DS how his funds would be used to invest in the property of Cox’s friend property or the Tucson, Arizona property.

1 conduct within the meaning of A.R.S. § 44-1962(A)(10) as defined by A.A.C. R14-4-130(A)(16) by
2 making unauthorized use of funds of a customer or converting customer funds for personal benefit.

3 **V.**

4 **REQUESTED RELIEF**

5 The Division requests that the Commission grant the following relief:

6 14. Order Cox to permanently cease and desist from violating the Securities Act
7 pursuant to A.R.S. §§ 44-1962;

8 15. Order Cox to take affirmative action to correct the conditions resulting from
9 Respondent's acts, practices, or transactions, including a requirement to make restitution pursuant
10 to A.R.S. §§ 44-1962;

11 16. Order Cox to pay the state of Arizona administrative penalties for each violation of
12 the Securities Act, pursuant to A.R.S. § 44-1962;

13 17. Order the revocation or suspension of Cox's registration as a securities salesman
14 pursuant to A.R.S. § 44-1962; and

15 18. Order any other relief that the Commission deems appropriate.

16 **VI.**

17 **HEARING OPPORTUNITY**

18 Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-
19 306. If a Respondent requests a hearing, the requesting respondent must also answer this Notice.
20 A request for hearing must be in writing and received by the Commission within 10 business days
21 after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or
22 mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington,
23 Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602)
24 542-3477 or on the Commission's Internet web site at
25 <http://www.azcc.gov/divisions/hearings/docket.asp>.

26 If a request for a hearing is timely made, the Commission shall schedule the hearing to

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

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

11 VII.

12 ANSWER REQUIREMENT

13 Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting
14 respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket
15 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within
16 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from
17 Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
18 <http://www.azcc.gov/divisions/hearings/docket.asp>.

19 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
20 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
21 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
22 addressed to Aikaterine Vervilos, Esq.

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

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

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

Dated this 3 day of October, 2012.



Matthew J. Neubert
Director of Securities