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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

2012 OCT 24 P 2:59

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

OCT 24 2012

DOCKETED BY [Signature]

In the matter of:
JOSHUA TRENT (CRD# 3096291) d/b/a PHXiNVEST,
DEREK DAHL d/b/a PHXiNVEST and TASHA TRENT DAHL, husband and wife,
REAL ESTATE MONSTER, LLC, an Arizona limited liability company,
Respondents.

DOCKET NO. S-20857A-12-0411

FIRST AMENDED TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY
EACH RESPONDENT HAS 20 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 JOSHUA TRENT d/b/a PHXiNVEST, DEREK DAHL d/b/a PHXiNVEST, and REAL ESTATE MONSTER, LLC are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, et seq., the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

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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1 **II.**

2 **RESPONDENTS**

3 2. JOSHUA TRENT (CRD#3096291) d/b/a PHXiNVEST (“Trent”), has been at all
4 relevant times an unmarried man and a resident of the state of Utah. Trent has not been a
5 registered salesman with the Commission since 2000.

6 3. DEREK DAHL d/b/a PHXiNVEST (“Dahl”), has been at all relevant times a
7 married man and a resident of the state of Arizona. At all relevant times, Dahl has been a
8 member of REAL ESTATE MONSTER, LLC.

9 4. REAL ESTATE MONSTER, LLC (“REM”), has been a limited liability company
10 organized under the laws of the state of Arizona in November 2009. At all relevant times,
11 REM’s business office has been in Mesa, Arizona. REM is a member managed limited liability
12 company.

13 5. Trent, Dahl, and REM may be collectively referenced as “Respondents”.

14 6. TASHA TRENT DAHL (“Respondent Spouse”) has been at all relevant times the
15 spouse of Respondent Dahl. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C)
16 solely for purposes of determining the liability of the marital community.

17 7. At all relevant times, Respondent Dahl has been acting for his own benefit and for
18 the benefit or in furtherance of the marital community.

19 8. At all times relevant, Respondents were not registered with the Commission as
20 dealers or salesmen.

21 **III.**

22 **FACTS**

23 9. From at least August 20, 2012, Respondents have been offering investment
24 opportunities in and from Arizona involving deeds of trust on residential real estate (“PHXiNVEST
25 Offering”).

1 10. The PHXiNVEST Offering was offered nationwide via the PHXiNVEST website,
2 www.phxinvest.com (“Website”), and directly to Arizona residents via e-mail, telephone, and in-
3 person solicitation.

4 11. At all relevant times, the PHXiNVEST Offering was publicly offered on the
5 Website. The Website states that the “Mission” of PHXiNVEST is, “to provide good returns for
6 passive investors via Deed of Trust investments secured by cash flowing real estate.”

7 12. The Website’s Investment Strategy tab states, “At PHXiNVEST, our investment
8 strategies were developed based on **over 15-years of experience with investment real estate and**
9 **relationships with investors.** We understand the value of generating a good return but we also
10 know the importance of protecting an investment.”

11 13. The Website lists “Our Team” to include Dahl and Trent. Dahl is listed to be a real
12 estate broker and is stated to be a “Real Estate Investment Expert” that “[s]pecialized in
13 foreclosures and distressed properties for over ten years, Derek [Dahl] has purchase [sic], fixed and
14 flipped hundreds of properties. Identifying and buying pre-foreclosures, short sales, foreclosure
15 auctions properties and bank owned properties (REO) at deep discounts, remodeling and selling
16 them for big profits [sic].”

17 14. The Website lists Trent as “Vice President of Business Development with
18 PHXiNVEST”. It further states, “Joshua [Trent] works with investors to present investment
19 opportunities in real estate in the Greater Phoenix Metro Area of Arizona” and that “[h]e has held a
20 Series 6, 63, Life and Health insurance licenses; these have enabled him to understand financial
21 planning and investment services for diversified investment strategies.”

22 15. The Website offers investment options, one of which is referenced as the “Deed of
23 Trust’ Strategy”.

24 16. Under the “Deed of Trust” option, the Website states, “In this strategy the investor
25 acts as the lender on a property, this is done through a Deed of Trust; a legal document secured
26

1 against the property as collateral for the investor's loan. In other words, you are acting as the bank
2 and reaping the benefits of the interest payments." It further states,

3 We start with finding properties that will provide the **most protection and best**
4 **security** for the investor; we do this by verifying the collateral, or property, is in
5 good shape, has equity and good cash flow potential. Once a property is chosen, **we**
6 **have all documentation prepared and reviewed by an attorney proficient in**
7 **real estate law and legal contracts** to insure all documentation is done correctly.
8 Once the contracts are reviewed and all parties are in agreement, the loan is issued
9 and secured against in the property on behalf of the investor.

10 Since the Deed of Trust is a loan the investor will have a fixed rate of return.
11 Returns are determined by the needs of the investor and range from 6 – 12% return
12 per annum.

13 (emphasis in original).

14 17. The Website states, "All of our passive investors receive a fix interest rate return
15 secured by a deed of trust against the property. Interest rates can range anywhere from 6-10%
16 depending on the equity share an investor chooses on the property. The equity share allows the
17 passive investor to generate higher returns through appreciation and lease option fees."

18 18. The Website states, "Returns can go above 18% per annum, depending on the
19 structure of the investment chosen by the investor."

20 19. The Website provides a telephone number for offerees to contact PHXiNVEST, and
21 allows offerees visiting the Website to fill out a form to "GET STARTED" where they can input
22 their name, e-mail, and telephone number to receive a "Starter Packet". The Website also provides
23 a contact e-mail for Trent, josh@phxinvest.com.

24 20. On August 20, 2012, Trent sent out an e-mail on behalf of PHXiNVEST from the e-
25 mail account josh@phxinvest.com ("August E-Mail"). The e-mail offered the PHXiNVEST
26 Offering, and was sent to at least two offerees, an Arizona resident and a Utah resident. Neither
had any pre-existing relationship with Respondents ("August 20 E-Mail Offerees").

27 21. The August E-Mail was titled, "Would you consider being a Hard Money Lender?"
28 The e-mail stated, in part,

PHXiNVEST principals have done over 200+ real estate transactions since 2008
and our goal is to do many many more. We believe there is an opportunity for great

1 wealth to be made over the next couple years for those willing to take advantage of
2 the current real estate market.

3 You have received this email either because you are involved in real estate already,
4 or because your profession suggests an income status that would allow you the
5 resources to act as a "Hard Money Lender".

6 Our proposal is a simple one: We are willing to pay interest on money provided by a
7 private Hard Money Lender for real estate transactions ranging from short-term (3-6
8 month) Fix-and-Flips to long-term (3-5 year) Buy-and-Hold deals. Funds would be
9 secured by a deed of trust (similar to a mortgage) using the property as collateral.

10 PHXiNVEST would use its 15+ years of real estate investing experience in the
11 Phoenix market to try and create the most profitable transactions possible for us,
12 while offering to pay deed of trust interest ranging from 9-14% on the private hard
13 money loans provided by investors like you.

14 If you have any interest in this proposal, please respond to this email by CLICKING
15 HERE and then fill out the contact information; a PHXiNVEST representative will
16 contact you with additional details and answer any questions you might have.

17 22. The August E-Mail contained a link directing interested offerees to the Website.

18 23. The August E-Mail provided the following contact information, "PHXiNVEST
19 6955 E. Baseline Rd., Ste. 104 Mesa, Arizona 85209 United States (480) 442-3325."

20 24. Starting on August 24, 2012, Trent offered the PHXiNVEST Offering to another
21 Arizona offeree by e-mails and telephone, followed by an in-person offer by Trent and Dahl on
22 September 10, 2012 ("AZ Offeree"). AZ Offeree had no pre-existing relationship with
23 Respondents.

24 25. On August 24, 2012, Trent sent AZ Offeree an e-mail that included information
25 about the PHXiNVEST Offering, and contained an "introductory packet" and sample forms. The
26 introductory packet contained much of the same information as the Website, and included
information on the "Deed of Trust" option.

27 26. For the "Deed of Trust" option, the introductory packet stated,

28 When investing you want to make sure your money is safe and protected. A "Deed
29 of Trust" investor is an individual that provides the money needed to purchase,
30 rehab and put long-term funding on the property. Your money is secured against
the property with a Deed of Trust, a legal document that holds the property as
collateral for your money. The Deed of Trust has an "interest rate return" affixed to
it; in other words, you are acting as the bank and reaping the reward of the interest

1 payments. Returns as “Deed of Trust” investors can range from 8%-10% fixed per
annum!”

2 27. Trent also sent a sample deed of trust, note, and unconditional guaranty of payment
3 to AZ Offeree with the August 24, 2012 e-mail.

4 28. Trent further stated in the August 24, 2012 e-mail that,
5 “We will consider doing an equity share in the property, we are willing to do that
with two terms:

6 - The interest rate per annum is lowered typically by 1% per 10% of
7 equity share with a maximum of 30% equity share available. Example: If you
wanted 30% in a long-term deal, the interest rate would be 6% per annum instead of
the 9% per annum.

8 - The equity share is based on the equity/profits received from the sale
9 of the property; equity share does not include revenue from rental income or fees
collected on the property.

10 29. AZ Offeree met with Trent and Dahl on September 10, 2012. Trent and Dahl
11 offered the PHXiNVEST Offering, and made the following statements to the AZ Offeree:

12 (a) That Trent handled recruitment of investors, while Dahl “make[s] the money” as
13 the designated broker;

14 (b) That they leveraged properties through a lender that lends hard money that
15 allowed them to purchase property by putting down 20%;

16 (c) That the investment would require the investor to provide the down payment
17 amount plus the “fix up costs”;

18 (d) That AZ Offeree did not have to do any of the work, simply invest;

19 (e) That the return on investment depended on how they “partner on the deal”;

20 (f) That they had done a previous deals with investors on fix and flips where they
21 had split the profits with the investor at closing of the sale of the property; and

22 (g) That Dahl handled the hiring and direction of the rehab work at the properties.

23 30. Following the September 10, 2012 meeting, Trent again e-mailed the AZ Offeree on
24 September 11, 2012, forwarding a “fix-and-flip contract that we use with our fix-and-flip partners.”
25 Trent stated that the entity on the agreement was “Real Estate Monster LLC”, which purchases and
26 holds the properties.

1 31. The document forwarded with the September 11, 2012 e-mail was titled, "Fix and
2 Flip Agreement". The Fix and Flip Agreement contained the following terms:

- 3 (a) That "the property will be vested in Real Estate Monster LLC, an Arizona LLC
4 owned by Derek Dahl";
- 5 (b) That the investor will provide a 20% down payment, loan fees, plus interest, as
6 well as the cost of repairs and marketing;
- 7 (c) That REM will finance 80% of the purchase price, with 1.5% interest of the loan
8 amount paid by the investor;
- 9 (d) That the investor agrees to pay for all repairs;
- 10 (e) That REM "will manage the rehab and repairs and list the home with his
11 brokerage"; and
- 12 (f) "Profit on the project will be split 50/50" between REM and the investor "after
13 all cost and contributions have been reimbursed and the loan balance is paid in
14 full."

15 32. Trent further stated in the September 11, 2012 e-mail to AZ Offeree that, the offer
16 of a 50/50 split was for "new clients" and that subsequent investments would have the following
17 terms:

- 18 (a) "9% fix return using a first deed of trust being held long-term for 12-months
19 up to a maximum of 5-years" ;
- 20 (b) "14% fix return for funds used on a fix and flip deal. First position lien can
21 be offered if the investor is doing the full funding amount; otherwise the
22 funds would be in second position behind the first hard money lender"; and
- 23 (c) "We offer up to a 30% equity share in the deal for both the long and short-
24 term deals, but when we do that we ask for a reduction in the fixed return
25 amount."
- 26

VI.

VIOLATION OF A.R.S. § 44-1991

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

42. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

- a) Failing to disclose the July Order issued against Trent;
- b) Representing to offerees that Dahl had substantial experience in real estate transactions and that his expertise would lead to "big profits" but failing to disclose that Dahl had filed and been discharged in bankruptcy, and had defaulted on nearly \$2,000,000 in mortgage debt owed for a residential property, resulting in foreclosure in 2010;

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

XII.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Commission has determined that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

1 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
2 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

3 IT IS FURTHER ORDERED that this Order shall be effective immediately.

4 **XIII.**

5 **REQUESTED RELIEF**

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

7 1. Order Respondents to permanently cease and desist from violating the Securities
8 Act, pursuant to A.R.S. §44-2032;

9 2. Order Respondents to take affirmative action to correct the conditions resulting from
10 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
11 A.R.S. § 44-2032;

12 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
13 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

14 4. Order Respondents to pay the state of Arizona administrative penalties, pursuant to
15 A.R.S. §§ 44-1961;

16 5. Order that the marital community of Respondent Dahl and Respondent Spouse is
17 subject to any order of restitution, rescission, administrative penalties, or other appropriate
18 affirmative action pursuant to A.R.S. § 25-215; and

19 6. Order any other relief that the Commission deems appropriate.

20 **XIV.**

21 **HEARING OPPORTUNITY**

22 Each respondent including Respondent Spouse may request a hearing pursuant to A.R.S.
23 § 44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a**
24 **hearing, the requesting respondent must also answer this Temporary Order and Notice.** A
25 request for hearing must be in writing and received by the Commission within 20 days after service
26 of this Temporary Order and Notice. The requesting respondent must deliver or mail the request for

1 hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix,
2 Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477
3 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

4 If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10
5 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties,
6 or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary**
7 **Order shall remain effective from the date a hearing is requested until a decision is entered.**
8 After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order,
9 with written findings of fact and conclusions of law. A permanent Order may include ordering
10 restitution, assessing administrative penalties, or other action.

11 If a request for hearing is not timely made, the Division will request that the Commission
12 make permanent this Temporary Order, with written findings of fact and conclusions of law, which
13 may include ordering restitution, assessing administrative penalties, or other relief.

14 Persons with a disability may request a reasonable accommodation such as a sign language
15 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
16 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
17 Requests should be made as early as possible to allow time to arrange the accommodation.

18 **XV.**

19 **ANSWER REQUIREMENT**

20 Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing,
21 the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to
22 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
23 85007, within 30 calendar days after the date of service of this Temporary Order and Notice.
24 Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
25 Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

