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OPEN MEETING ITEM

ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission
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AZ CORP COMMISSION
DOCKET CONTROL

DATE: JANUARY 9, 2013

DOCKET NO.: S-20763A-10-0430

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc E. Stern. The recommendation has been filed in the form of an Opinion and Order on:

JOSEPH COSENZA; U.S. MEDIA TEAM, LLC, AN ARIZONA LIMITED LIABILITY COMPANY; THOMAS BRANDON AND DIANE M. BRANDON, HUSBAND AND WIFE; CELL WIRELESS CORPORATION, A NEVADA CORPORATION F/K/A U.S. SOCIAL SCENE, A NEVADA CORPORATION; AND DAVID SHOREY AND MARY JANE SHOREY, HUSBAND AND WIFE.
(NOTICE OF OPPORTUNITY)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JANUARY 18, 2013

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JANUARY 23, 2013

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

JODI JERICH
EXECUTIVE DIRECTOR

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

IN THE MATTER OF: JOSEPH COSENZA; U.S. MEDIA TEAM, LLC, an Arizona limited liability company; THOMAS BRANDON and DIANE M. BRANDON, husband and wife; CELL WIRELESS CORPORATION, a Nevada corporation, formerly known as U.S. SOCIAL SCENE, a Nevada corporation; and DAVID SHOREY and MARY JANE SHOREY, husband and wife; RESPONDENTS.	DOCKET NO. S-20763A-10-0430 DECISION NO. _____ **OPINION AND ORDER**

DATES OF PRE-HEARING CONFERENCES:	December 16, 2010 and February 16, 2011
DATES OF HEARING:	July 19, 20 and 21, 2011
PLACE OF HEARING:	Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE:	Marc E. Stern
APPEARANCES:	Mr. Bruce R. Heurlin, HEURLIN SHERLOCK PANAHI, on behalf of Respondents David Shorey, Mary Jane Shorey and Cell Wireless Corporation; Mr. Thomas L. Brandon, in *propria persona*; and Ms. Aikaterine Vervilos, Staff Attorney, on behalf of the Securities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On October 21, 2010, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against the

following individuals and entities: Joseph Cosenza; U.S. Media Team, LLC, an Arizona limited liability company ("USMT"); Thomas Brandon and Diane M. Brandon, husband and wife; Cell Wireless Corporation, a Nevada corporation ("CWC"), formerly known as U.S. Social Scene, a Nevada corporation ("USSS"); and David Shorey and Mary Jane Shorey, husband and wife (collectively "Respondents") in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of notes and stock. The spouses ("Respondent Spouses") of Respondents Brandon and Shorey were joined in the action pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of their respective marital communities.

The Respondents were duly served with copies of the Notice.

On November 5, 2010, requests for hearing were filed by David and Mary Jane Shorey and by David Shorey as CEO of CWC. Mr. Shorey indicated the he and his wife and CWC would be retaining an attorney to represent them.

On November 15, 2010, Thomas Brandon filed a request for hearing on behalf of himself and his wife Diane Brandon. Mr. Brandon indicated that he and his wife were in the process of retaining an attorney to represent them in the proceeding.

On November 18, 2010, by Procedural Order, a pre-hearing conference was scheduled on December 16, 2010.

On December 13, 2010, the Shoreys, Brandons and CWC filed requests for a continuance stating they needed more time to secure counsel.

On December 15, 2010, the Division filed response in which it objected to the requests for a continuance stating that Respondents had ample time to secure counsel.

On December 16, 2010, at the outset of the pre-hearing conference the requests for a continuance were denied. The Division appeared with counsel and Mr. Shorey and Mr. Brandon appeared on their own behalf. The Division and the Respondents indicated that they were attempting to resolve the issues raised in the Notice. In the interim, the Division requested that a status conference be scheduled and the parties agreed to one being scheduled in February, 2011. Subsequently, by Procedural Order, a status conference was scheduled on February 16, 2011.

On February 16, 2011, the Division appeared with counsel and Mr. Shorey and Mr. Brandon appeared on their own behalf. The Division and Respondents who were present indicated that they were continuing to attempt to settle the proceeding, but the Division requested that a hearing be scheduled after April to avoid scheduling conflicts. Subsequently, by Procedural Order, a hearing was scheduled to commence on May 10, 2011.

On March 22, 2011, counsel for Respondents CWC and Mr. and Mrs. Shorey filed a Motion to Continue the hearing and proposed an alternate set of dates in July for the hearing. The Respondents' Motion indicated that the Division had no objections to the Motion or the suggested dates for the continuance.

On March 24, 2011, by Procedural Order, the hearing was continued from May 10, 2011, to July 19, 2011.

On June 29, 2011, the Division filed a Motion to allow Telephonic Testimony citing the legal standards required for approval. No objections were filed to this Motion.

On July 6, 2011, the Division filed a Notice of Dismissal of Respondent Andrea Benson.

On July 8, 2011, the Division filed a Motion to Amend the Caption in this proceeding by removing Respondent Andrea Benson's name from the proceeding and stated that on December 7, 2006, a Decree of Legal Separation ("Decree") was issued with respect to Respondent Joseph Cosenza and Ms. Benson. According to the Division, the date of the Decree occurred prior to the alleged violations of the Act as stated in the Notice.

On July 15, 2011, by Procedural Order, the Division's Motion to allow Telephonic Testimony was granted. It was further ordered that Andrea Benson's name be removed from the caption in this proceeding and where referenced previously.

On July 19, 2011, a full public hearing was convened before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Division and Shorey Respondents and CWC were represented by counsel. Mr. Brandon appeared on his own behalf. Mrs. Brandon did not appear. At the conclusion of the proceeding, the matter was taken under advisement pending submission of a Recommended Opinion and Order to the Commission.

On August 17, 2011, the Commission issued Decision No. 72525, a Consent Order, which

found Respondents Joe Cosenza and USMT in violation of the Act and ordered them to pay restitution of $205,000 plus interest and to pay an administrative penalty of $20,000.

Closing briefs were filed on September 27 and 29, 2011.

* * * * * * * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Joseph Cosenza is an individual who, at all relevant times herein, was a resident of Arizona.

2. USMT is an Arizona limited liability company organized on September 15, 2005. USMT, and at all relevant times herein, had its principal place of business in Scottsdale, Arizona. Mr. Cosenza was a member and USMT's manager. (Ex. S-4)

3. Thomas Brandon is an individual who, at all relevant times herein, was a resident of Arizona and was married to Diane M. Brandon. (Ex. S-58: EUO 15: 5-16)

4. CWC is a Nevada corporation, which at all relevant times herein, had its principal place of business in Tucson, Arizona. (Tr. 314: 4-8)

5. CWC changed its name to USSS after acquiring the assets of USSS from Mr. Cosenza who operated it as a sole proprietorship. (Ex. S-25)

6. David Shorey is an individual who, at all relevant times herein, was a resident of Arizona and was married to Mary Jane Shorey. (Ex. S-44: EUO 16: 1-6)

7. In support of the allegations raised in the Notice with respect to Respondents' alleged violations of the Act, the Division called the following three investor witnesses: Ms. Cindy Atkinson; Mr. Joshua Benson; and Dr. Terry Benson. Mr. Michael Brokaw, a special investigator with the Division, also appeared as a witness regarding the allegations in the Notice which involved two separate offerings, one in 2007 and another in 2008.

The 2007 USMT Promissory Note

8. Ms. Cindy Atkinson, a resident of Illinois, testified telephonically that in 2007 that she was presented with a proposal to make a $100,000 investment which was offered by Mr. Brandon in

the form of a 30-day loan to USMT.[1] (Tr. 48: 6-19)

9. Mrs. Atkinson testified that she learned of the investment opportunity from an individual named Scott Busse who had been a friend of Mrs. Atkinson and her husband. Mr. Busse was in Illinois at the time to attend the funeral of his brother. (Tr. 49: 1-9)

10. According to Mrs. Atkinson, although the funeral for Mr. Busse's brother occurred in February 2007, she stated that "we received an e-mail in June 2007" from Mr. Busse regarding the investment opportunity that he had spoken to Mrs. Atkinson about in February. She stated that Mr. Busse was a partner of Mr. Brandon. (Tr. 50: 1-9)

11. Mrs. Atkinson testified that when she and Randy, her husband, received an e-mail from Scott Busse the subject of the email was the investment opportunity discussed earlier.[2] Subsequently, she and her husband spoke by telephone to Mr. Busse and Respondent Brandon about the investment. (Tr. 52-53: 18-3)

12. During the course of this telephone conversation, someone stated to the Atkinsons that the investment opportunity was "low-to-no-risk." However, Mrs. Atkinson stated that she was not sure who had made that statement because the telephone conversation took place between three separate parties (the Atkinsons, Mr. Busse and Mr. Brandon). (Tr. 53: 4-5)

13. Mrs. Atkinson testified that she and her husband relied on representations about a purchase order ("PO"), from a company called the Sports Network that promised payment to USMT within 30 days and purportedly was to guarantee the return on the investment that she and her husband planned to make.[3] (Tr. 53: 17-25)

14. According to Mrs. Atkinson, she and her husband were introduced to the person that they intended to lend their money to. She identified him as "Joe Cosenza" and his company as USMT.[4] (Tr. 55-56: 20-5)

15. Mrs. Atkinson stated that she relied upon representations in the memorandum that she

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[1] The Division's attorney stipulated that Respondent Shorey played no part in this investment.

[2] Attached to Mr. Busse's e-mail was a memorandum dated June 19, 2007, addressed to Randy Atkinson and captioned "Investment Opportunity." This memo details how a company that Mr. Busse was working with was seeking a $100,000 loan for 30 days with a 20 percent return to the lender with low risk or no risk. (Ex. S-2a)

[3] The note was purportedly backed by a payment due on a PO in excess of $1 million due for commissions to USMT that were to be paid on July 16, 2007, by Sports Network in the amount of $157,000.

[4] See Decision No. 72525 (August 17, 2011) wherein the Commission found that Mr. Cosenza, a Respondent in this proceeding, had been a member and the manager of USMT since September 15, 2005.

termed a "letter" describing the investment opportunity in USMT and from statements made by Mr. Brandon concerning contracts that USMT had with various companies and corporations involving advertising done "through your cell phone." (Tr. 56-57: 21-10)

16. Mrs. Atkinson believed that the $100,000 that she and her husband were going to invest would basically be a loan "used to buy shares of this company." (Tr. 57: 16-20)

17. According to Mrs. Atkinson, she and her husband were to receive a 20 percent return or $20,000 on their investment of $100,000. (Tr. 63: 15-19)

18. Mrs. Atkinson stated that in order to make their $100,000 investment the Atkinsons received wire instructions along with a promissory note from Mr. Cosenza who signed it as USMT's president and CEO on June 22, 2007. The terms of the note provided that repayment was to be made by July 17, 2007. (Tr. 64: 9-16) (Ex. S-2)

19. Mrs. Atkinson stated that the Atkinsons did not receive their payment on their investment from USMT. (Tr. 64: 21-22)

20. Subsequently, Mr. Brandon told Mrs. Atkinson that Mr. Cosenza's funds and those of USMT were "frozen" by the IRS "due to an issue from three years ago," and that when USMT received the money due on the PO the note could not be repaid. (Tr. 65: 1-6)

21. Mr. Brandon then told Mrs. Atkinson that Mr. Cosenza was seeking other investors in USMT and once these other funds were invested, the Atkinsons would be repaid. (Tr. 66: 18-23)

22. Mrs. Atkinson also identified what was termed "a second guarantee for the repayment of a promissory note and the principal of $100,000" from Equivest Heritage Group, LLC ("EHG")[5] dated August 1, 2007, and signed by Mr. Busse and Mr. Brandon as members of EHG. (Tr. 67-68: 19-18)

23. Mrs. Atkinson further testified that she and her husband later received $25,000 back from Mr. Brandon in March 2008. (Tr. 68-69: 20-18)

24. Mrs. Atkinson testified that she and her husband made the investment with USMT because they believed it was a guaranteed low-risk or no-risk investment. (Tr. 72: 2-9)

25. Mrs. Atkinson later stated that Mr. Brandon had described the investment and the

[5] According to Commission records, EHG was an Arizona limited liability company, which was organized on March 5, 1999, by Mr. Brandon and Ms. Lonna Walker. (Ex. S-4)

promissory note with USMT to be "lowest to low-risk" and that repayment was guaranteed by the purchase order. (Tr. 88: 12-16)

26. Mrs. Atkinson further testified that she and her husband had actually received a copy of the PO with Sports Network. (Tr. 88: 20-22) (Ex. S-2)

27. Mrs. Atkinson stated further that Mr. Brandon had faxed a copy of a check signed by Mr. Cosenza payable to the Atkinsons dated November 16, 2007, in the amount of $70,000 as proof that he had received it. However, when the Atkinsons received and deposited the check, it "bounced" resulting in over $16,000 in overdrafts by the Atkinsons. (Tr. 89-90: 15-14)

The 2008 CWC/USSS Investment

28. Mr. Joshua Benson, a former resident of Gilbert, Arizona, testified that he became acquainted with Mr. Brandon, Mr. Shorey, and USSS and CWC after giving a talk to a small business group where he was approached by Mr. Cosenza. Mr. Benson stated that he became involved in business discussions with Mr. Cosenza and the other Respondents from January 2008 through the first part of May 2008 when he and his partners had been invited "to be part of his consortium" with USSS. (Tr. 96-97:13-24)

29. When Mr. Benson met Mr. Cosenza, he was a partner in a company known as Optimum Marketing Group ("OMG") that specialized in one-to-one marketing utilizing technology purchased from a Canadian software company. (Tr. 98: 2-16)

30. According to Mr. Benson, he, his father, Dr. Terry Benson, and his two other partners in OMG, Steven Anderson and Dean Gekas, were going to become part of a so-called consortium of marketing and technology companies that were involved in similar forms of marketing and were to become part of USSS. Mr. Cosenza took Mr. Benson and his partners to two of the businesses that were also supposed to be part of the consortium. (Tr. 99: 8-23)

31. Mr. Benson described a meeting where convertible debentures[6] were discussed involving USSS and CWC where Mr. Shorey, Mr. Brandon and Mr. Cosenza were present and where Mr. Shorey had explained the financial structure of USSS. (Tr. 101: 1-25)

[6] A convertible debenture is a type of loan issued by a company that can be converted into stock by the holder, and by having the convertibility feature the issuer pays a lower interest rate on the loan compared to if there was no option to convert.

32. Mr. Benson believed that USSS was going to take over the corporate shell of CWC[7]. (Tr. 102: 1-3)

33. According to Josh Benson, Mr. Brandon "was really pushing the convertible debentures" and had said that an investment in a convertible debenture could not lose. (Tr. 102: 5-10)

34. Mr. Benson testified that he did not invest in the USSS offering because he did not have any money and his company, OMG, had not been making any money. (Tr. 104: 1-7)

35. Mr. Benson described his relationship with Mr. Cosenza and USSS as more of a business arrangement than an investment in that he described that he was trying to utilize his company's technology in the promotion of USSS. (Tr. 104-105: 11-4)

36. While testifying, Mr. Benson described a business relationship between his company and USSS whereby OMG would promote USSS, and he further testified about the offer of convertible debentures in order to have "an opportunity to buy into USSS and have a stock in a company that we were going to be part of." (Tr. 105: 8-10)

37. Mr. Benson further stated that his company, OMG, was not paid for any of the services which it rendered and OMG never became part of USSS. (Tr. 105: 12-17)

38. Mr. Benson testified that as soon as his father, friends and other relatives wired their funds to invest in USSS "everybody disappeared." (Tr. 105-106: 18-7)

39. Mr. Benson stated that the funds which were invested in the convertible debentures were to be used to promote the growth of USSS. (Tr. 106: 14-18

40. According to Mr. Benson, at a meeting which took place in Scottsdale at Steven Anderson's house, Mr. Cosenza, Mr. Brandon and Mr. Shorey had all stated that the funds which were invested were to be used to help USSS grow. (Tr. 106: 20-21)

41. During this time frame, Mr. Benson stated that although they only met with Mr. Shorey once, they met with Mr. Cosenza and Mr. Brandon on multiple occasions. (Tr. 107: 7-9)

42. Josh Benson testified about an e-mail which he had received from Mr. Brandon about two purchases of stock in USSS by wiring funds to Mr. Brandon at Global Business Development

[7] CWC existed as a public held corporation.

("GBD") for a $5,000 and $10,000 stock purchase of USSS stock by Mr. Benson's mother-in-law, Lori Hjelle, and his father-in-law, Ardell Hjelle. (Tr. 108: 3-18)

43. Mr. Benson stated that he had told his in-laws about the so-called consortium and his company merging with USSS and how it was going to be a publicly traded company. (Tr. 109: 1-9)

44. Josh Benson testified that investment funds were to be sent to Tom Brandon and although Mr. Shorey had discussed the financials of USSS, he did not tell people who invested to send the money to him. (Tr. 110: 1-16)

45. Mr. Benson testified that his company, OMG, was a Minnesota LLC, but he ran it out of either his home in Gilbert or Steven Anderson's house in Scottsdale. (Tr. 112: 8-14)

46. Mr. Benson testified further concerning copies of a group of promissory notes dated May 2, 2008, which were signed by Mr. Cosenza to pay back Mr. Benson's parents, his friends and relatives because they wanted their money back because "everything that we were led to believe did not seem to be true." (Tr. 113: 21-19) (Ex. S-23)

47. Mr. Benson did not know whether any of the stock which had been purchased by his parents, friends or relatives had ever been received by the investors. (Tr. 114: 20-23)

48. Subsequently, Josh Benson testified that he had been involved with two companies, OMG, and another company Optimal Financial Group ("OFG") which was a separate company that was to be involved in mortgage broking. Mr. Benson's partners in both companies were Steven Anderson and Dean Gekas. (Tr. 115-116: 8-25)

49. Mr. Benson testified that he and his partners, Mr. Anderson and Mr. Gekas, were named by Mr. Cosenza as officers in USSS, and were to be part of its board. Purportedly, they were to be paid $40,000 a month, but he never took part in any board meetings. (Tr. 118-119: 5-4)

50. Mr. Benson further testified that he told friends and relatives to contact Mr. Brandon if they were interested in investing in USSS. (Tr. 126-127: 19-1)

51. Mr. Benson stated that he told his friends and family that he was excited about being involved with USSS and what he thought would be a good company. (Tr. 128: 1-14)

52. On April 18, 2008, according to the terms of an e-mail from Josh Benson's partner, Steven Anderson, president of OFG, Mr. Benson, the CEO of OFG, Dr. Benson, and Dean Gekas

the vice president of sales of OFG, resigned from their official relationship with USSS.[8] (Ex. RS-2)

53. Based on the record, the contract between USSS and OFG was executed on February 21, 2008, wherein OFG was to become a part of USSS. Approximately ten days later, Josh Benson's father and other friends and relatives signed their subscription agreements for stock in USSS.

54. According to Josh Benson, he and his associates in OFG were to be paid $40,000 a month for their marketing services on behalf of USSS. (Tr. 137: 2-3)

55. Josh Benson described the business of USSS as selling franchises to franchisees for various localized social scenes such as chicagosocialscene.com or illinoissocialscene.com modeled after Mr. Cosenza's Arizona Social Scene. Purportedly, income was to be generated by advertisers on the respective websites. (Tr. 137: 9-19)

56. Josh Benson stated that he viewed the planned marketing program as a forerunner or something similar to Groupon or like enterprises. (Tr. 137-138: 202)

57. During his cross-examination, Josh Benson testified that Mr. Shorey was at a meeting sometime between February 21 and 28, 2008, which involved him and his partners in OMG/OFG, along with his father, Mr. Cosenza and Mr. Brandon. He stated that Mr. Shorey was not present at the beginning of the meeting, and he left before the end of the meeting, staying only 30 to 45 minutes. (Tr. 146-148: 1-7)

58. Mr. Benson further testified that Mr. Shorey had made some statements concerning USSS and its finances and that Mr. Brandon had commented that the company's stock would be a good investment. (Tr. 148: 17-25)

59. Based on Mr. Benson's testimony, in 2008 he had minimal knowledge of an investment known as a convertible debenture. (Tr. 151: 1-9)

60. According to Josh Benson, he didn't recall Mr. Shorey making any comments regarding a lack of risk, guarantees, not losing any money, devaluation, or anything similar regarding an investment. (Tr. 151: 11-18)

61. Josh Benson testified that he was looking forward to his company making $40,000 a

[8] The aforementioned letter was sent in the form of an e-mail but had been signed by Mr. Anderson and Mr. Cosenza.

month going forward into March 2008 by working with USSS, but at the end of March he and his associates were not paid the promised $40,000. (Tr. 153: 9-14)

62. Subsequently, Mr. Benson stated that he and his associates attempted to secure their payment from Mr. Cosenza, but when they were unable to, on April 18, 2008, Mr. Benson and his associates resigned their positions with USSS. (Tr. 153: 15-20)

63. Testifying further, Josh Benson stated that he had met Mr. Brandon when he was with Mr. Cosenza at a meeting where Mr. Brandon was introduced as a "stock advisor" and where Mr. Benson had been introduced to Mr. Brandon as the CEO of OMG and a partner in OFG. (Tr. 154-155: 17-4)

64. In an e-mail from Josh Benson to Mr. Brandon, Mr. Benson was listed as CEO of OMG and OFG. (Ex. RS-64)

65. Mr. Benson stated that his company OFG was an Arizona LLC involved in mortgage broking by utilizing a branch license of a Florida company. His company, OMG, was a Minnesota LLC engaged in one-to-one marketing utilizing software from a Canadian company. (Tr. 163-164: 7-8)

66. According to Mr. Benson, his companies were to become part of a consortium with what was known as USSS when it took over CWC and ultimately become a publicly traded company. (Tr. 166-167: 12-14)

67. Josh Benson had been told that Mr. Cosenza's company, USMT, had a data base containing the names of 72 million people that Mr. Benson's marketing company would be able to e-mail and solicit as clients during various marketing campaigns. (Tr. 167: 15-25)

68. Mr. Benson testified that he and his associates believed they would be paid $40,000 a month if they were able to invest in USSS because he stated they had been told that Mr. Cosenza had sold his company and another company for millions of dollars and that Mr. Cosenza would be investing in the venture also, but needed assistance with the infrastructure and marketing. (Tr. 168: 5-24)

69. Josh Benson testified that although he and his associates had been given titles as officers in USSS, they were titles in name only to make Mr. Benson and his partners feel good about investing. (Tr. 173-174: 8-1)

70. Josh Benson stated that he had been designated the chief technical officer of USSS, on March 14, 2008, according to the minutes of a board of directors meeting; however, in an e-mail dated April 18, 2008, Mr. Benson stated that he was resigning his so-called position. (Tr. 174-175: 12-4)

71. Mr. Benson also stated that Mr. Cosenza took him and his associates to the offices of two separate companies in Scottsdale, Mission E Commerce and another company, Civics Extreme, where the employees greeted Mr. Cosenza and gave their group a tour which Mr. Benson termed "pretty impressive." (Tr. 182: 7-24)

72. Mr. Benson further testified that Mission E Commerce was a website design type of company and that Civics Extreme was a telephone communication company that "seemed like a good fit" for the consortium. (Tr. 183: 1-10)

73. Dr. Terry Benson, Josh Benson's father, stated that he was familiar with Mr. Brandon, Mr. Shorey, Mr. Cosenza and USSS/CWC having met them at the home of his son's associate, Steven Anderson, in late February 2008. (TR. 212: 14-25)

74. Dr. Benson explained that he had come to Arizona for the meeting in Scottsdale to "hear more about the opportunity that was being presented by these people to my son and his company." (Tr. 213: 10-13)

75. Dr. Benson testified that he had been the financial backer for his son's company OMG, which he described as a marketing group, and that he had taken out a personal loan in order to lend money to the company. (Tr. 213: 17-24)

76. Dr. Benson stated that prior to coming to Arizona he had spoken to Mr. Brandon on a few occasions prior to the meeting in order to find out more about the investment opportunity which had been presented in a fashion that both companies could benefit and also included a "one-time kind of investment opportunity sold as kind of investing in my son and his company's work." (Tr. 214: 1-3)

77. Dr. Benson was concerned with the legitimacy of the opportunity and he wanted to "have face-to-face conversations" with Mr. Brandon. (Tr. 214: 5-7)

78. Dr. Benson testified that Mr. Brandon was presented as Mr. Cosenza's stock advisor and Mr. Shorey was presented as the chief financial officer of Mr. Cosenza's company. (Tr. 214: 10-15)

79. When Dr. Benson heard Mr. Cosenza explain things about USSS, he was not interested in the company's work, but he stated that he was more interested in the investment offering itself which involved an investment in USSS stock by purchasing a convertible debenture. (Tr. 214: 16-25)

80. Dr. Benson stated that his interest was in what he termed the convertible debenture and the reverse split, which within a short period of time he believed would enable him to recover his initial investment plus he would still retain stock in USSS. (Tr. 215: 1-7)

81. Dr. Benson testified that he did not understand the investment transaction which had been described to him by Mr. Brandon, but he trusted Mr. Brandon's presentation of the offering that it was legitimate and represented a good investment opportunity. (Tr. 216: 1-15)

82. Dr. Benson stated that Mr. Brandon stated on several occasions that the investment represented a "legitimate deal" and was a "can't-miss opportunity," and "you will get your money." (Tr. 216-217: 21-3)

83. Dr. Benson testified that he still cannot explain what a convertible debenture represents as an investment. (Tr. 218: 1-4)

84. According to Dr. Benson, Mr. Brandon had said the stock would increase by 10 or 20 times its initial value. (Tr. 218: 19-23)

85. Dr. Benson testified further that Mr. Brandon had him wire his investment funds from his bank, Bremer Bank, to an LLC called GBD that was set up by Mr. Brandon. (Tr. 221-222: 22-17)

86. According to Dr. Benson, the transaction involving CWC/USSS as explained by Mr. Brandon involved utilizing the money invested in convertible debentures to purchase a company and transfer its interest. (Tr. 222: 9-17)

87. Dr. Benson testified that at the time he was told this information Mr. Cosenza, Mr. Brandon, Steve Anderson, Dean Gekas, his son Josh were present. (Tr. 222: 18-21)

88. Dr. Benson testified that after wiring his money for his investment to GBD that he was told that the reason he never received any stock certificates was "because Joe Cosenza had his money tied up by the federal government because of taxes." (Tr. 223: 1-12) (Ex. S-20)

89. After approximately one month, Dr. Benson stated that he spoke with Mr. Brandon to inquire whether he had made a "legitimate" investment and he had no further contact after that. (Tr. 223: 14-23)

90. Dr. Benson stated further that he had personally guaranteed a $120,000 loan used for the investment in USSS/CWC and he asked his son and his associates to pay their share. Since neither his son nor his associates had any money, Dr. Benson ended up paying the entire amount back to his bank from his personal funds and wrote off the investment as a tax loss. (Tr. 223-224: 28-9)

91. Dr. Benson testified further that the investment had grown out of his investment in his son's company known as OMG in the form of a revolving loan. (Tr. 225: 2-24)

92. Testifying further, Dr. Benson explained that his actual investment with Respondents was only $60,000 and relatives and other friends of his invested another $65,000.[9] (Tr. 226: 9-24)

93. Dr. Benson later clarified that he took a personal loan from his own bank for approximately $120,000 in order to finance OMG initially, and of that sum $60,000 was part of the investment in USSS/CWC, but when that venture did not go forward he advised his son and his associates of his withdrawal from their venture. (Tr. 228: 1-20)

94. Dr. Benson denied that his son made any presentation with respect to his purchasing stock in USSS. (Tr. 230: 1-2)

95. Dr. Benson testified that he received subscription agreements from Mr. Brandon in February 2008 before he invested. (Tr. 230-231: 13-13)

96. Dr. Benson further testified that he would not have invested with the Respondents if he had known that he wasn't going to receive any stock or that the investment was not a so-called "can't-miss" investment. (Tr. 233: 6-25)

97. According to Dr. Benson, he first learned about USSS from his son Josh. (Tr. 243-244: 25-2)

98. Dr. Benson testified that he remembered Mr. Brandon being introduced as a "stock advisor/business consultant." (Tr. 252: 19-24)

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[9] Dr. Benson enumerated the other investors as follows: Curt Mottinger, $25,000; Chris Block, $25,000; Ardell Hjelle, $10,000; and Lori Hjelle, $5,000.

99. Dr. Benson testified that he remembered Mr. Brandon calling the investment a "can't-miss opportunity" in which an investor would recover his original investment plus still have stock ownership in a company going forward if the investor wished to remain in the investment. (Tr. 254: 16-22)

100. Dr. Benson testified further that based on what Mr. Brandon had described regarding the investment that within two or three months he expected to recover his original investment. (Tr. 255: 3-6)

101. Dr. Benson stated that he recalled Mr. Cosenza specifically saying that he owned portions of the companies in Scottsdale that Dr. Benson and his associates were taken to where the employees showed the investors around as if they were partners and friends of Mr. Cosenza. (Tr. 256: 3-19)

102. Dr. Benson testified that it was his understanding that USSS was going to be a marketing company in different cities across the United States and that it would market entertainment and information to people on the internet concerning shows or events or movies or like events. (Tr. 260-261: 15-2)

103. Dr. Benson stated that he believed that his son's marketing group, OMG, was to help with the computer-assisted one-to-one marketing at USSS by utilizing Mr. Cosenza's purportedly large data base. (Tr. 261: 3-11)

104. Dr. Benson further stated that at the meeting he attended on February 29, 2008, with his son, Steven Anderson and Dean Gekas, was where he met Mr. Cosenza who arrived with Mr. Brandon. (Tr. 268: 5-21)

105. Dr. Benson testified that he had introduced his friends, the Mottingers, and the Blocks who were friends of the Mottingers to the investment with the Respondents because they all believed the investment was a good opportunity. (Tr. 270: 5-25)

106. Dr. Benson stated that at the meeting on February 29, 2008, Mr. Cosenza talked a lot about his planned consortium and all of the "things" that he owned and the "things" he planned to do and also described the proposed investment. (Tr. 271-272: 21-6)

107. Dr. Benson stated that he did not recall any conversations with Mr. Shorey or if he did, he did not remember what they had talked about. (Tr. 272: 15-23)

108. Dr. Benson described the three businesses which Mr. Cosenza took Dr. Benson, Josh

Benson and his associates to on the day of the February 2008 meeting. Besides describing the two companies described by Josh Benson, he also spoke of a third, a car manufacturing company called something like G2. (Tr. 273-274: 15-3)

109. Dr. Benson stated that when Mr. Cosenza took them to the offices of these businesses he stated that Josh and his associates would be part of a consortium in association with these other businesses. (Tr. 274: 5-8)

110. Dr. Benson testified that he believed that within a short period of time he could double his money and at that time "get out," and then pay off his loan and then his son and his associates would be on their own. (Tr. 278: 1-9)

111. Although Dr. Benson stated that he thought he was investing in a convertible debenture, his subscription agreement signed on February 28, 2008, was for an investment in 500,000 shares of USSS, formerly CWC stock, and there was no mention of convertible debentures. (Tr. 278-279: 15-7) (Ex. S-18)

112. Dr. Benson testified that one of the reasons he invested was because he wanted to invest in his son's company and see it became successful, except that within a week or two he had not received any stock certificates and the money was gone. Additionally, he received no explanation for what happened. (Tr. 279: 11-22)

113. According to Dr. Benson, he felt somewhat pressured by Mr. Cosenza and Mr. Brandon who told him that they needed the money to be invested as soon as possible so that a certain filing date could be met. (Tr. 283: 3-20)

114. According to Dr. Benson, his invested funds were to be used to pay for the conversion from CWC to USSS and for start-up money for expenses to assist the company to become viable. (Tr. 284: 2-5)

115. On concluding his testimony, Dr. Benson testified that he did not want any restitution and that if any was ordered, his share should be paid to Mr. and Mrs. Hjelle, the Blocks and the Mottingers. (Tr. 286: 7-10)

116. Mr. Michael Brokaw, a Senior Special Investigator with the Division, testified concerning his investigation of the offerings discussed in this proceeding.

117. Mr. Brokaw testified that he was familiar with the statements by Ms. Cindy Atkinson with respect to Respondent Cosenza's representations that USMT was involved in business relationships with such sports entities as the Professional Golfers' Association ("PGA") and the National Football League ("NFL"). (Tr. 375: 1-4)

118. According to Commission records, USMT was organized on September 15, 2005, was located in Scottsdale and its only member was Mr. Cosenza. (Ex. S-9)

119. Mr. Brokaw stated that he had spoken with a representative of the PGA and also that he had spoken with a representative of the Sports Network. Neither of their representatives had had any contacts with Mr. Cosenza or USMT and there had not been any contracts between them. (Tr. 375-376: 15-23)

120. Mr. Brokaw testified further that with respect to a purported PO backing the Atkinson's $100,000 promissory note with USMT, based on his investigation the PO was non-existent. (Tr. 377: 14-20)

121. Mr. Brokaw testified that, in response to a subpoena of the custodian of records of Compass Bank, he received a copy of a checking account statement dated June 1, 2007 to June 29, 2007, for USMT.[10] This statement reflected a June 22, 2007, deposit of $100,000 which had been wired to the account by Ms. Cindy Atkinson. (Tr. 381: 1-16) (Ex. S-9)

122. Mr. Brokaw stated that the Compass Bank statement reflected a wire on June 25, 2007, for $50,000 to an entity called BNF First Clearing, LLC ("BNF"), and that the remaining funds were used for purchases at discount stores, grocery stores and gas stations. (Tr. 381: 19-25)

123. During the course of Mr. Brokaw's investigation, he was able to trace what happened to the majority of a $39,350 withdrawal from the USMT account after the wire transfer of $100,000 by Mrs. Atkinson. (Tr. 383-384, 388)

124. As a further result of Mr. Brokaw's investigation, he traced the $50,000 which had been wired to BNF in Tucson to an account in the name of Mr. Brandon. (Tr. 388-389: 15-11)

125. Mr. Brokaw's investigation of the USMT funds which were transferred to the account controlled by Mr. Brandon revealed the transfer of funds were made to various individuals including

[10] Mr. Cosenza was the sole signatory on the Compass Bank account.

Mr. Brandon's wife and a number of transactions took place at either ATMs, restaurants, and grocery stores. (Tr. 392-393: 7-16) (Ex. S-14)

126. Mr. Brokaw acknowledged that he heard earlier testimony in the proceeding that Mr. Brandon had a consulting contract with Mr. Cosenza and did not deny the possibility that the $50,000 which had been transferred electronically to Mr. Brandon's account could have represented payment for services rendered by Mr. Brandon. (Tr. 395-396: 12-3)

127. Mr. Brokaw further testified that he had dealt with the Atkinsons after they filed a complaint with the Division with respect to their $100,000 loan to USMT and Mr. Cosenza. Mr. Brokaw acknowledged that Mr. Brandon had wired $25,000 back to the Atkinsons. (Tr. 397-398: 3-15)

128. According to a copy of a Certificate of Amendment from the Nevada Secretary of State's office, on March 17, 2008, CWC, a Nevada corporation, changed its name to USSS to conform to the minutes of the meeting of the Board of Directors of CWC which took place on March 13, 2008. The minutes stated that CWC purchased the assets of USSS, an Arizona sole proprietorship on January 1, 2008, and had operated as such until March 13, 2008, the apparent date that Mr. Cosenza as the Chairman of the Board and Mr. Shorey as a director and Corporate Secretary signed the minutes of the board meeting. (Ex. S-25)

129. Mr. Brokaw identified a document from the office of the Nevada Secretary of State captioned "An Annual List of Officers, Directors and Registered Agents" and State Business License Application of USSS "for the period December 2009 to December 2010 upon which Mr. Shorey's name appeared as President, Secretary, Treasurer and a Director of USSS. Mr. Brokaw also identified a second Certificate of Amendment filed with the Secretary of State of Nevada which changed the name of USSS back to CWC on February 23, 2010.[11] (Exs S-26A and S-26B)

130. Mr. Brokaw testified that he had subpoenaed documents from Mr. Shorey with respect to his dealings with Mr. Cosenza and his related entities including USSS, CWC, GBD and Mr. Brandon. (Tr. 424: 19-23)

131. Mr. Brokaw identified a document that was dated March 31, 2007, and captioned

[11] The second Certificate of Amendment changing the corporation name from USSS back to CWC was also signed by Mr. Shorey, but these transactions all took place after the investments by Dr. Benson, his relatives and his friends.

"Strategic Consulting Agreement" between EHG and CWC signed by Mr. Brandon as the chairman of EHG and Mr. Shorey as the Chief Financial Officer of CWC. (Tr. 425: 1-6) (Ex. S-28)

132. According to an e-mail dated November 27, 2007, Mr. Shorey had contacted Mr. Cosenza with respect to his being in default of the stock purchase agreement between CWC and USMT dated July 11, 2007. (Exs. S-29 and S-30)

133. On December 31, 2007, Mr. Shorey, as Chief Financial Officer of CWC, again wrote Mr. Cosenza as CEO of USMT, that he was in default with respect to his purchase of the majority interest in CWC. (Ex. S-31)

134. According to a letter dated January 4, 2008, from Mr. Shorey to Mr. Cosenza, Mr. Shorey stated that he had been notified by Mr. Brandon that Mr. Cosenza had decided to reconsider the opportunity of a merger between Mr. Cosenza's operating company, USSS, and CWC. In the letter, Mr. Shorey discussed the future structure of the entity and the manner in which the investment could be finalized. Additionally, Mr. Shorey indicated that he did not wish to remain with the surviving entity and would resign when the deal was structured. (Ex. S-32)

135. On January 7, 2008, with an effective date of January 1, 2008, an Asset Purchase Agreement was executed between CWC as the buyer, and Mr. Cosenza as the seller, wherein it was agreed that the buyer would acquire all of the assets of the company now known as USSS and that the purchase price consisted of 476,628,688 shares of CWC (80 percent) with the remaining 20 percent of the outstanding shares of CWC held by current share holders totaling 119,157,172 shares with 595,785,860 shares outstanding. (Ex. S-33)

136. The Asset Purchase Agreement was signed by Mr. Cosenza as "the proprietor" of USSS and Mr. Shorey as Chief Financial Officer of CWC. (Ex. S-33)

137. On four subsequent press releases concerning CWC, Mr. Shorey was shown as the contact person. (Ex. S-34)

138. A review of the Wells Fargo bank statement for the period ending March 11, 2008, for GBD confirms a wire transfer from Dr. Terry Benson on February 29, 2008, of $60,000, a wire transfer from investor Christie Block in the amount $25,000 and two deposits totaling $25,000 on February 29, 2008, representing funds belonging to Kurt Mottinger. Additional deposits confirm an

investment on March 4, 2008, by Ardell Hjelle in the amount of $10,000 and a deposit of $5,000 on March 4, 2008, by investor Karen Turner in USSS. (Ex. S-36)[12]

139. Mr. Brokaw further testified that on March 3, 2008, another $20,000 was wired to CWC. (Tr. 434: 11-14)

140. Mr. Brokaw also testified that on March 3, 2008, there were five subsequent withdrawals in amounts varying from $5,000 to $9,950 totaling $41,350; however, Mr. Brokaw was unable to determine where those funds went. (Tr. 434: 15-24)

141. Mr. Brokaw testified that Mr. Shorey received bank statements from Bank of America ("BofA") for both USSS and CWC at his home address in Tucson, and that Mr. Shorey was the only signatory for the USSS account. (Tr. 439: 1-20)

142. Mr. Brokaw testified that from January 1, 2007 to May 24, 2011, neither Mr. Cosenza, Mr. Brandon nor Mr. Shorey were registered to offer and sell securities in Arizona. Additionally, neither they nor CWC, USSS or USMT were registered as dealers. (Tr. 448: 13-25)

143. Mr. Brokaw reaffirmed that the vast majority of the funds invested into USSS by Dr. Benson and those individuals associated with him, approximately $125,000, were all wired into the account of GBD, an LLC controlled by Mr. Brandon. (Tr. 465-466: 13-11)

144. Investigator Brokaw further testified that some of the money from the GBD account was transferred to Mr. Brandon's account with Wachovia Bank and that he sent $25,000 back to the Atkinsons. (Tr. 466-467: 21-7)

145. Mr. Brokaw testified that after reviewing the bank statement of USMT dated June 1, 2007, the Atkinson's $100,000 arrived on June 22, 2007, and thereafter on June 25, 2007, $50,000 was wired to First Clearing, LLC and then to a Wachovia securities account under the control of Mr. Brandon. (Tr. 468-469: 13-5) (Ex. S-9)

146. Mr. Brokaw further stated that after reviewing the Wells Fargo bank statement for GBD which ended on March 11, 2008, he verified that on March 4, 2008, $25,000 had been wired back to the Atkinsons. (Tr. 470: 2-11) (Ex. S-36)

[12] Mr. Brokaw testified to the contents of Ex. S-36.

RESPONDENTS' REBUTTAL

David Shorey

147. Mr. Shorey stated that he agreed with Dr. Benson's characterization of his being at the meeting on February 29, 2008, for approximately 30 to 45 minutes. (Tr. 290: 7-18)

148. Mr. Shorey denied that he had made any statements regarding whether USSS had no risk, would be a great investment or that you couldn't lose on your investment. (Tr. 291: 5-9)

149. Mr. Shorey further stated that he did not make a financial report at the meeting described by Dr. Benson. (Tr. 291: 13-15)

150. Mr. Shorey testified that he described the situation that employees of OFG would be able to sell stock for USSS in its offering if they were officers or directors so long as they were employees of the corporation. (Tr. 291: 16-22)

151. Further testifying, Mr. Shorey stated that the February 29, 2008, meeting was the only time that he met Dr. Benson and that he had not met Josh Benson either before or after the meeting. (Tr. 292: 5-10)

152. Mr. Shorey testified that he did not recall ever telling a prospective investor that an investment in the USSS stock represented a "good investment." (Tr. 292: 16-22)

153. Mr. Shorey further denied that he made a statement that there was no risk involved in purchasing USSS stock. (Tr. 292-293: 23-8)

154. Mr. Shorey denied that he told a prospective investor that he would "receive the return of his original principal amount plus stock in USSS." He also denied telling another prospective investor that his stock would never be devalued. (Tr. 293: 9-17)

155. Mr. Shorey stated that when he attended the meeting with Josh Benson and his associates from OFG on February 29, 2008, they were presented to him as people who would raise funds and not as prospective investors. (Tr. 294: 1-6)

156. Mr. Shorey testified that he was unaware that Dr. Benson had purchased stock in USSS until April 17, 2008, and had not known that Dr. Benson had signed a subscription agreement on February 28, 2008. (Tr. 294: 7-17)

157. Mr. Shorey further testified that he was the Chief Financial Officer for USSS and had

been the Chief Financial Officer for CWC for five years before that. (Tr. 295: 18-24)

158. According to Mr. Shorey, Mr. Cosenza was the person who controlled USSS because he owned 80 percent of the stock in CWC before changing its name to USSS in January 2008. (Tr. 296: 1-8)

159. Mr. Shorey testified that he only owned approximately 3.9 percent of the stock in USSS and was its controller. (Tr. 296: 14-21)

160. Mr. Shorey stated that he did not encourage the sale of USSS stock, but acknowledged preparing documents to assist others in the sale of its stock. (Tr. 297: 1-10)

161. Mr. Shorey denied that he acted in a supervisory capacity over Mr. Brandon, Mr. Cosenza, Josh Benson or Dr. Benson. (Tr. 297: 11-13)

162. Mr. Shorey further testified that Dr. Benson, Josh Benson, Steven Anderson and Dean Gekas became officers of USSS. (Tr. 298: 14-22)

163. Mr. Shorey described the process in which stock is issued using a transfer company named Pacific Stock Transfer ("PST") that is engaged in keeping track of public shares that are issued in a public company. He dealt with PST after receiving a signed subscription agreement with payment for the shares after which PST, as the transfer agent, would send the shares to Mr. Shorey who would then forward them to the investor. (Tr. 299: 1-21)

164. Mr. Shorey testified that he was involved in more than 300 stock transfers which were performed by PST. (Tr. 299: 22-25)

165. According to Mr. Shorey, he was unaware that any stock in USSS had been sold until April 27, 2008, when he became aware of the sales after receiving copies of e-mails from investors who did not receive their stock. Mr. Shorey stated that he had not seen any subscription agreements until after the Division provided them approximately three weeks before the hearing. (Tr. 300-301: 10-7)

166. Mr. Shorey admitted that he is not licensed as a securities salesman and stated that he has not taken any courses in securities law or its regulation. (Tr. 304: 17-25)

167. Mr. Shorey testified that he graduated from college with a major in accounting and has been a Certified Public Accountant ("CPA") for the past 45 years. (Tr. 305: 3-12)

168. Mr. Shorey testified that during his 45 years of practice as a CPA a large portion of his

practice was auditing public companies and that he came to understand the requirements for the sale and transfer of securities and had been involved in a number of private placements when he ran a company called Forestry International in 1991. (Tr. 305-306: 14-19)

169. Mr. Shorey further testified that his only involvement with a prospective purchaser of securities related to USSS was the meeting at Steven Anderson's home on February 29, 2008, which he understood was a "meet-and-greet with the officers of a financial group" and that he did not know they were potential investors.[13] (Tr. 307: 4-9)

170. Mr. Shorey stated that he said nothing about the sale of securities at the February 29, 2008, meeting with Dr. Terry Benson, Josh Benson, Steven Anderson and Dean Gekas other than he explained the rules for becoming officers and directors, and that as an officer or director of a corporation they could sell stock under an exemption pursuant to Regulation D. (Tr. 307-308: 24-10)

171. Mr. Shorey stated that while he was at the meeting on February 29, 2008, he did not hear Mr. Brandon say anything about selling stock or describing a "can't miss deal." (Tr. 308: 19-25)

172. Mr. Shorey testified that Mr. Brandon did not work for USSS, but had entered into a contractual agreement for his services with the company. (Tr. 312: 1-7)

173. Mr. Shorey further testified that after January 1, 2008, he did not negotiate any contracts for USSS. According to Mr. Shorey, in May 2007, CWC had been owned by Mr. John Bohringer who was its President and CEO. He also owned the majority of CWC's stock. At that time, the board of CWC requested Mr. Shorey to find a merger candidate. (Tr. 312-313; 9-7)

174. Mr. Shorey testified that CWC had been engaged as a reseller of telephone services in 165 countries between 2005 and 2007, but went out of business at that time. Mr. Shorey was instructed to look for another company to merge with, if possible, as he continued to own 12 percent of CWC's stock. (Tr. 313: 8-25)

175. During that time frame, Mr. Shorey stated that CWC was a Nevada corporation, but its business transactions took place from Mr. Shorey's office where he conducted its business transactions as its chief financial officer. (Tr. 314: 1-8)

[13] These were the officers of OFG, and Dr. Benson who had signed his subscription agreement for 500,000 shares of USSS stock on February 28, 2008.

176. Mr. Shorey stated that the actual business operations for CWC had actually been conducted out of an office in Australia, but CWC had offices in many countries and they were operated by franchisees or licensees. (Tr. 314: 14-22)

177. According to an annual list of officers and directors filed with the State of Nevada for the period December 2007 through December 2008, Mr. Shorey was the secretary, treasurer, and a director of CWC. (Ex. S-24)

178. According to a Stock Purchase Agreement dated July 11, 2007, Mr. Cosenza agreed to pay $600,000 on behalf of USMT for 80 percent of CWC's stock, but Mr. Cosenza failed to consummate the purchase and to pay and purchase price. (Ex. S-29)

179. Mr. Shorey admitted that a subscription agreement for USSS stock which was signed by Dr. Benson on February 28, 2008, except for minor differences was the same document which Mr. Shorey acknowledged that he had provided to Mr. Brandon. (Tr. 327-328: 5-17) (Ex. S-18 and Ex. S-48)

180. Mr. Shorey admitted that he was the only signatory on the CWC bank account and on the bank account for USSS. (Tr. 328: 18-23)

181. Mr. Shorey stated that for the period March 1, 2008, through March 31, 2008, the beginning balance for the CWC account was negative $7.51 and that on March 3, 2008, $20,000 was wired to the account from Mr. Brandon's GBD account. (Tr. 330: 7-20)

182. According to Mr. Shorey, funds which were deposited into the CWC account were deposited pursuant to Mr. Cosenza's instructions to GBD, and Mr. Shorey was not aware of the reasons. (Tr. 333: 12-24)

183. Based on the minutes of a March 14, 2008, meeting of the board of directors of CWC, with Mr. Cosenza acting as chairperson and Mr. Shorey as secretary of the meeting, an election of officers was held as follows: Mr. Cosenza was elected chief executive officer/president, Mr. Shorey as chief financial officer, Steven Anderson was elected chief operations officer, Josh Benson was elected chief technical officer; Dean Gekas was elected VP national sales, Steven Harper was elected VP marketing, and John Bohringer was elected VP international marketing. According to the minutes, the directors who voted at that meeting were Mr. Cosenza and Mr. Shorey. (Tr. 337: 2-12) (Ex. S-27)

184. Mr. Shorey testified that between July 1, 2007 and December 31, 2007, Mr. Cosenza gave him two checks one for $50,000 and one for $25,000 which were payable to CWC which, when Mr. Shorey deposited them, bounced or were refused by the banks. (TR. 342: 4-9)

185. According to Mr. Shorey, at the time CWC became involved with Mr. Cosenza its directors were looking to recover from huge operating losses and were looking for a candidate to merge with and the principals behind CWC considered Mr. Cosenza's ideas represented a good opportunity to recover. (Tr. 344-345: 15-21)

186. Mr. Shorey further stated that although he had a contract to be paid, he did not receive any compensation from USSS. (Tr. 347: 21-24)

187. Mr. Shorey insisted that, based on what Mr. Cosenza told him, a fully-owned subsidiary of USSS, Arizona Social Scene ("AZSS") was doing well, but Mr. Shorey admitted that he had never seen the books for that entity. (Tr. 348: 15-24)

188. Testifying further, Mr. Shorey stated although he was the sole signatory to the CWC bank account and the USSS bank account, he had sent memos and telephoned Mr. Cosenza to become a signatory on these accounts, but Mr. Cosenza refused to do so. (Tr. 351: 8-20)

189. According to Mr. Shorey, as of December 31, 2007, he had resigned his position due to Mr. Cosenza's failure to cooperate to complete the bank paperwork and failing to keep minutes for meetings that he was having, and because of Mr. Cosenza was "making agreements" with people that Mr. Shorey "had no knowledge of." (Tr. 352: 3-14)

190. Mr. Shorey denied that he had any idea why $20,000 was wired from GBD into the USSS bank account, and did not know that the money represented investor funds. (Tr. 353: 6-16)

191. Mr. Shorey stated that he did not learn until April 17, 2008, that the $20,000 came from an investor in USSS and that $5,000 was sent to Australia to pay bills, and $10,000 was retained by USSS to pay its bills and $5,000 was distributed to Mr. Brandon. (Tr. 354: 5-25)

192. Mr. Shorey believed that Dr. Benson, Josh Benson, Steven Anderson and Dean Gekas were members of the board of directors of USSS until he saw an e-mail dated April 18, 2008, which

was signed by Mr. Anderson as president and CEO of OFG.[14] (Ex. RS-2)

193. Based on the record, upon CWC's receipt of the $20,000 wire from GBD on March 3, 2008, there is evidence that a CWC check signed by Mr. Shorey and payable to Mr. Shorey in the amount of $4,115.22 was written for "expenses," another check from CWC was signed by Mr. Shorey and was payable to SSI Development for $3,384.78 (this was to a corporation solely owned and controlled by Mr. Shorey). Additionally, there was another check from CWC to Mr. Shorey's company, SSI Development, in the amount of $1,000, written on March 24, 2008, and signed by Mr. Shorey with no explanation. (Ex. S-40)

194. According to Mr. Shorey, at the time the checks from CWC were written in March 2008, he was owed in excess of $28,000 for expenses and these payments represented partial payment for these expenses. (Tr. 363: 8-17)

195. Although Mr. Shorey had stated that CWC was not doing much business by March of 2008, and that CWC was officially USSS, he represented that the funds wired to CWC's account on March 3, 2008, by GBD were from the sale of advertising on AZSS' website and activities from marketing. (Tr. 368: 2-10)

196. Mr. Shorey testified that Mr. Brandon had told him that the $20,000 came from Mr. Cosenza and he maintained that the funds were related to the sale of advertising on AZSS. (Tr. 368-369: 17-1)

197. Mr. Shorey stated that Mr. Cosenza did not direct money to him directly for a number of reasons, purportedly due to problems Mr. Cosenza had with the Internal Revenue Service. (Tr. 369: 6-8)

198. According to Mr. Shorey, he is owed $89,000 by USSS. (Tr. 370: 12-21)

Thomas Brandon

199. Mr. Brandon testified that he does business as GBD and he also has another business name Emerging Business Gateways, LLC. Both of these are Nevada limited liability companies. (Tr. 479: 16-2)

[14] The letter of resignation references a February 21, 2008, contract between OFG and USSS, but Mr. Shorey testified that he had never seen it.

200. Mr. Brandon insisted that he was a consultant with no control over what he termed the Atkinson $100,000 loan which was evidenced by a promissory note and that it was not a security because no stock was involved. (Tr. 480: 18-25)

201. Mr. Brandon categorized the issue between Mr. and Mrs. Atkinson and Mr. Cosenza as "simply a loan that was defaulted on." (Tr. 483: 5-6)

202. Mr. Brandon stated that Mr. Cosenza owed him a lot of money for his consulting work and he was unaware that when Mr. Cosenza paid him $50,000 that he was being paid with the Atkinson's money. (Tr. 484: 17-24)

203. Mr. Brandon admitted that he spoke with the Atkinsons, and he told them that the money would be for a 30-day loan with 20 percent interest to be paid by Mr. Cosenza. (Tr. 485: 15-24)

204. Mr. Brandon testified that he was unaware that he would receive half of the Atkinson's loan that was made to Mr. Cosenza because Mr. Cosenza had been telling him that he had other funds coming from "various projects." (Tr. 486: 1-9)

205. According to Mr. Brandon, under the terms of his consulting contract with Mr. Cosenza, he was to be paid $10,000 a month. At the time, he had been unpaid for seven months and was owed approximately $75,000 to $80,000. (Tr. 486: 10-20)

206. Testifying further, Mr. Brandon described the so-called "reverse merger" involving Mr. Cosenza's companies, and why Mr. Brandon felt it was a viable venture. (Tr. 488-489: 6-24)

207. Mr. Brandon explained how he worked with Mr. Cosenza as a consultant and explained how CWC had been involved in an earlier merger and that the merger between CWC and USSS would constitute a second reverse merger. (Tr. 490-491: 7-3)

208. According to Mr. Brandon, the board of directors of CWC, whose stock was traded on the over-the-counter market, and Mr. Shorey, approached him to find a potential merger partner. Mr. Brandon stated that he found Mr. Cosenza and that he introduced the parties and explained the advantages of how they could become stronger if they went forward with a reverse merger. (Tr. 491: 10-18)

209. Mr. Brandon described how Mr. Cosenza brought other people into the process such as Dr. Benson, Josh Benson, Steven Anderson and Dean Gekas in the form of OFG which was to raise capital. (Tr. 491: 19-23)

210. Mr. Brandon pointed out that Dr. Benson's son, Josh, "had an inordinate amount of influence over him" stating that Dr. Benson financed his son's business operations with Mr. Anderson and Mr. Gekas, and that Dr. Benson signed his subscription agreement for USSS stock prior to coming to Arizona and meeting Mr. Brandon for the first time. (Tr. 496: 17-25)

211. Mr. Brandon described Mr. Cosenza's and Josh Benson's meeting as "a mutual need and greed" situation because Mr. Cosenza believed that Josh Benson and his associates would raise $1 million for him and Mr. Benson's group was looking at an opportunity which would purportedly pay them $40,000 a month and lead to their success. (Tr. 502-503: 13-12)

212. Mr. Brandon denied that he provided information that investing in USSS was risk free or a sure thing. (Tr. 503-504: 24-2)

213. According to Mr. Brandon, the only investors that he dealt with involving USMT were the Atkinsons who loaned Mr. Cosenza $100,000, as evidenced by the $100,000 promissory note signed by Mr. Cosenza promising a return of 20 percent interest. (Tr. 504-505: 9-25) (Ex. S-2)

214. Mr. Brandon testified that he made no more than five presentations with respect to the loans sought by Mr. Cosenza which were purportedly backed by the Sports Network PO, which according to Mr. Brandon was supposed to represent payment due to USMT. (Tr. 510: 2-5)

215. Mr. Brandon testified that he had created a memorandum for Mr. Cosenza describing a convertible debenture investment opportunity as a four-to-six-month investment with the possibility of a substantial profit for the investor and provided a copy of same to Dr. Benson. (Tr. 515: 3-4) (Ex. S-18)

216. According to Mr. Brandon, the Scottsdale meeting between Mr. Cosenza, the Bensons, Steve Anderson and Dean Gekas was a "meet-and-greet meeting" and that it was the first time for Mr. Shorey to meet Josh Benson and these other individuals and to circulate and try to answer any questions that they might have. (Tr. 518-519: 15-10)

217. Mr. Brandon stated that the stock in companies such as CWC and USSS were penny stocks and were riskier than stocks traded on either the New York or the American Stock Exchanges. (Tr. 521: 7-14)

218. According to Mr. Brandon, during the time frame from January through April of 2008 Mr. Shorey did not exercise any control over either Mr. Cosenza or USSS and he was unaware prior

to, and at the time of the sale of stock to investors, of any information which Mr. Shorey may have possessed. (Tr. 522: 6-19)

219. With respect to the subscription form that Dr. Benson signed, Mr. Brandon testified that he had nothing to do with the revisions to the subscription form that Dr. Benson signed and believed that Mr. Cosenza made some modifications and provided it to Dr. Benson. (Tr. 523: 17-23)

220. Mr. Brandon further stated that he was not aware whether Mr. Shorey had anything to do with the modification of the subscription form signed by investors. (Tr. 523-524: 22-2)

221. According to Mr. Brandon, neither he nor Mr. Shorey participated in any conversations referencing stock in USSS using such terms as "can't miss" or "no risk" or "sure thing." (Tr. 524: 19-25)

222. Upon our review of the entire record in this matter, a preponderance of the evidence establishes that Mr. Brandon committed multiple violations of the Act by offering a security in the first instance in the form of a note and in the second instance with the sale of stock in conjunction with Mr. Cosenza, and CWC/ USSS. Both offerings were conducted in a fraudulent manner. Although there is evidence that others were involved, including the investors' relatives and friends, without the actions by Mr. Brandon, Mr. Cosenza, and the related entities, the violations would not have occurred.

Mr. Brandon presented insufficient evidence to rebut the facts presented by the Division of how these investments occurred. Therefore, Mr. Brandon and CWC/USSS should be held liable for their violations of the Act and pay an administrative penalty. Additionally, there is no evidence that Mr. Brandon's marital community did not benefit from the aforementioned violations of the Act.

223. Under the circumstances, after considering the evidence as it relates to Mr. Shorey, we find that the Division failed to rebut his repeated denials of the allegations and failed to establish by a preponderance of the evidence that Mr. Shorey was in violation of the Act with respect to the stock offering which involved CWC/USSS, and as a result the allegations against him should be dismissed.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 44-1801 *et seq.*

2. The investment offerings in the form of a note and stock as described herein and sold by Respondents Thomas Brandon and CWC/USSS constituted securities within the meaning of A.R.S. §§ 44-1801.

3. The securities were neither registered nor exempt from registration in violation of A.R.S. § 44-1841.

4. Respondents Thomas Brandon and CWC/USSS acted as dealers and/or salesmen within the meaning of A.R.S. § 44-1801(9)(22).

5. The actions and conduct of Respondents Thomas Brandon and CWC/USSS constitute the offer and sale of securities within the meaning A.R.S. § 44-1801(21).

6. Respondents Thomas Brandon and CWC/USSS sold unregistered securities within or from Arizona in violation of A.R.S. § 44-1841.

7. Respondents Thomas Brandon and CWC/USSS offered and sold securities within or from Arizona without being registered as a dealer and/or salesman in violation of A.R.S. § 44-1842.

8. Respondents Thomas Brandon and CWC/USSS committed fraud in the sale of securities, engaging in transactions, practices, or a course of business which involved untrue statements and omissions of material facts in violation of A.R.S. § 44-1991.

9. The marital community of Respondent Thomas Brandon should be included in any order of restitution and penalties ordered hereinafter.

10. Respondents Thomas Brandon and CWC/USSS have violated the Act and should cease and desist pursuant to A.R.S. § 44-2032, from any future violations of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

11. The actions and conduct of Respondents Thomas Brandon and CWC/USSS constitute multiple violations of the Act and are grounds for an order of restitution pursuant to A.R.S. § 44-2032 and for an order assessing administrative penalties pursuant to A.R.S. § 44-2036.

12. Respondents, David and Mary Jane Shorey should be dismissed from this proceeding.

ORDER

IT IS THEREFORE ORDERED that David and Mary Jane Shorey are hereby dismissed from this proceeding.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2032, Respondents Thomas Brandon and Cell Wireless Corporation/U.S. Social Scene shall cease and desist from their actions described hereinabove in violation of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. §§ 2031(C) and 44-2032, Respondents Thomas Brandon and Diane M. Brandon, to the extent allowable pursuant to A.R.S. § 25-215, with respect to the Atkinson promissory note, shall make restitution in the amount of $75,000, which restitution shall be made pursuant to A.A.C. R14-4-308 subject to legal set-offs by the Respondents and confirmed by the Director of Securities, said restitution to be made within 60 days of the effective date of this Decision.

IT IS FURTHER ORDERED that the restitution ordered hereinabove with respect to the Atkinson promissory note shall bear interest at the rate of the lesser of ten percent *per annum* or at a rate *per annum* that is equal to one percent plus the prime rate as published by the Board of Governors of the Federal Reserve System in Statistical Release H.15 or any publication that may supersede it on the date that the judgment is entered.

IT IS FURTHER ORDERED that all restitution payments with respect to the Atkinson promissory note shall be deposited into an interest-bearing account, if appropriate, until distribution is made.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. §§ 2031(C) and 44-2032, Respondents Thomas and Diane Brandon, husband and wife, to the extent allowable pursuant to A.R.S. § 25-215, jointly and severally, and Cell Wireless Corporation and/or U.S. Social Scene, shall make restitution in the amount of $130,000 with respect to the Cell Wireless Corporation and/or U.S. Social Scene stock offering, which restitution shall be made pursuant to A.A.C. R14-4-308 subject to legal set-offs by the Respondents and confirmed by the Director of Securities, said restitution to be made within 60 days of the effective date of this Decision.

IT IS FURTHER ORDERED that the restitution ordered hereinabove shall bear interest at the rate of the lesser of ten percent *per annum* or at a rate *per annum* that is equal to one percent plus the

prime rate as published by the Board of Governors of the Federal Reserve System in Statistical Release H.15 or any publication that may supersede it on the date that the judgment is entered.

IT IS FURTHER ORDERED that all restitution payments ordered hereinabove shall be deposited into an interest-bearing account(s), if appropriate, until distributions are made.

IT IS FURTHER ORDERED that the Commission shall disburse the funds on a *pro-rata* basis to the investors shown on the records of the Commission. Any restitution funds that the Commission cannot disburse because an investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor because the investor is deceased and the Commission cannot reasonably identify and locate the deceased investor's spouse or natural children surviving at the time of distribution, shall be disbursed on a *pro-rata* basis to the remaining investors shown on the records of the Commission. Any funds that the Commission determines it is unable to or cannot feasibly be disbursed shall be transferred to the General Fund of the State of Arizona.

IT IS FURTHER ORDERED pursuant to authority granted to the Commission under A.R.S. § 44-2036, that Respondents Thomas and Diane Brandon, husband and wife, to the extent allowable, pursuant to A.R.S. § 25-215, jointly and severally, and Cell Wireless Corporation and/or U.S. Social Scene shall pay as and for an administrative penalty for the violation of A.R.S. § 44-1841, the sum of $2,000; for the violation of A.R.S. § 44-1842, the sum of $2,000; and for the violation of A.R.S.§ 44-1991, the sum of $5,000, for a total of $9,000. The payment obligation for this administrative penalty shall be subordinate to any restitution obligations ordered herein and shall become immediately due and payable only after restitution payments have been paid in full or upon Respondents' default with respect to Respondents' restitution obligations.

IT IS FURTHER ORDERED pursuant to authority granted to the Commission under A.R.S. § 44-2036, that Respondents Thomas and Diane Brandon and Cell Wireless Corporation and/or U.S. Social Scene shall pay the administrative penalty ordered hereinabove in the amount of $9,000 payable by either by cashier's check or money order payable to "the State of Arizona" and presented to the Arizona Corporation Commission for deposit in the General Fund for the State of Arizona.

IT IS FURTHER ORDERED that if Respondents Thomas and Diane Brandon and Cell Wireless Corporation and/or U.S. Social Scene fail to pay the administrative penalty ordered

hereinabove, any outstanding balance plus interest at the rate of the lesser of ten percent *per annum* or at a rate *per annum* that is equal to one percent plus the prime rate as published by the Board of Governors of the Federal Reserve System in Statistical Release H.15 or any publication that may supersede it on the date that the judgment is entered may be deemed in default and shall be immediately due and payable, without further notice.

IT IS FURTHER ORDERED that if any of the Respondents Thomas and Diane Brandon and Cell Wireless Corporation and/or U.S. Social Scene fail to comply with this Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. The acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.

IT IS FURTHER ORDERED that default shall render Respondents Thomas and Diane Brandon and Cell Wireless Corporation and/or U.S. Social Scene liable to the Commission for its cost of collection and interest at the maximum legal rate.

IT IS FURTHER ORDERED that if any of the Respondents Thomas and Diane Brandon and Cell Wireless Corporation and/or U.S. Social Scene fail to comply with this Order, the Commission may bring further legal proceedings against the Respondent(s) including application to the Superior Court for an order of contempt.

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

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER

COMMISSIONER COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, 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 _____day of _____ 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

MES:db

SERVICE LIST FOR: JOSEPH COSENZA; U.S. MEDIA TEAM, LLC, AN ARIZONA LIMITED LIABILITY COMPANY; THOMAS BRANDON AND DIANE M. BRANDON, HUSBAND AND WIFE; CELL WIRELESS CORPORATION, A NEVADA CORPORATION F/K/A U.S. SOCIAL SCENE, A NEVADA CORPORATION; AND DAVID SHOREY AND MARY JANE SHOREY, HUSBAND AND WIFE.

DOCKET NO.: S-20763A-10-0430

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