



BEFORE THE ARIZONA CORPORATION (

Arizona Corporation Commission

COMMISSIONERS

**DOCKETED**

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

FEB - 6 2013

DOCKETED BY	n2
-------------	----

In the matter of:  
 HUEL COX, CRD# 1638341, an unmarried man,  
 Respondent.

DOCKET NO. S-20862A-12-0428

DECISION NO. 73663

**ORDER TO CEASE AND DESIST, ORDER OF REVOCATION, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES, AND CONSENT TO SAME**

**BY: RESPONDENT HUEL COX**

Respondent HUEL COX elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order to Cease And Desist, Order of Revocation, Order for Restitution, Order for Administrative Penalties, and Consent to Same ("Order"). HUEL COX admits the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

**I.**

**FINDINGS OF FACT**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

...

**II.****RESPONDENT**

1  
2  
3 2. HUEL COX (CRD# 1638341) ("COX" or "Respondent") is an unmarried man  
4 residing in Phoenix, Arizona. At all relevant times, COX was present in Arizona.

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

9 4. From 1998 until 2011 COX managed client DS's investments which up to  
10 November 2005 were principally annuities and mutual funds.

11 5. In or around August 2005, COX recommended to DS that he use his investment  
12 funds to invest in a Florida casino. COX represented to DS that the casino investment would net  
13 \$500 monthly payments and help provide a steady stream of income to support DS's retirement.

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

21 7. DS would not have any role in either the casino or the real estate investments  
22 (collectively the "Investments") other than as an investor.

23 8. COX never provided DS with a prospectus, offering document, business plan, or any  
24 other document related to the Investments. DS never received any payments from the casino.  
25 When DS inquired as to the status of the Florida casino, COX told DS that the investment was  
26 performing fine, but that it was tied up in Florida real estate. When DS inquired of COX as to the

1 status of the real estate investments, COX told DS the properties could not be sold without  
2 incurring a loss.

3 9. For the Investments, DS either wrote multiple checks made payable to COX or  
4 wired funds to COX. Instead of investing the funds as represented, the funds were deposited into  
5 COX's personal banking accounts and thereafter not used for their intended purposes, such as cash  
6 withdrawals, rent payments, credit card payments, and miscellaneous goods and services.

7 10. COX never notified PFS that he sold the Investments to DS.

8 11. DS subsequently complained to PFS that COX mismanaged his funds which lead  
9 PFS to conduct an internal investigation. As a result of that internal investigation, PFS first  
10 suspended COX and then terminated him for cause.

11 12. In total, COX owes DS \$85,573.89 for the Investments.

12 **III.**

13 **CONCLUSIONS OF LAW**

14 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
15 Arizona Constitution and the Securities Act.

16 2. COX is subject to an order of revocation of COX's registration as a securities  
17 salesman pursuant to A.R.S. § 44-1962(A) when COX engaged in dishonest and unethical conduct  
18 within the meaning of A.R.S. § 44-1962(A)(10) as defined by A.A.C. R14-4-130(A)(16) by making  
19 unauthorized use of funds of a customer or converting customer funds for personal benefit.

20 3. COX's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-1962.

21 4. COX's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-1962.

22 5. COX's conduct is grounds for administrative penalties pursuant to A.R.S. § 44-  
23 1962.

24 ...

25 ...

26 ...

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
**IV.****ORDER**

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-1962, that COX and any of COX's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that COX comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that COX, individually, pay restitution in the principal amount of \$85,573.89 subject to legal set-offs pursuant to R14-4-308. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission. Any amount outstanding shall accrue interest from the date judgment is entered at the rate of 5 percent per annum.

The Commission shall disburse the funds on a pro-rata basis to 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 the 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 disburse shall be transferred to the general fund of the state of Arizona.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that COX, individually, pay an administrative penalty in the amount of \$10,000. Payment is due in full on the date of this Order.

1 Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest  
2 from the date judgment is entered at the rate of 5 percent per annum.

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

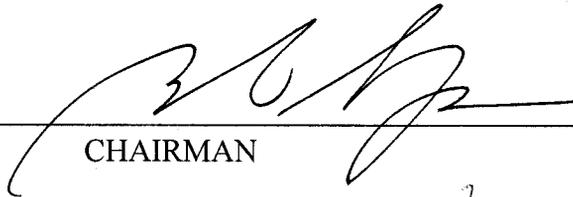
6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that COX's securities  
7 salesman registration is revoked.

8 IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the  
9 Commission may bring further legal proceedings against the Respondent, including application to  
10 the superior court for an order of contempt.

11 ...  
12 ...  
13 ...  
14 ...  
15 ...  
16 ...  
17 ...  
18 ...  
19 ...  
20 ...  
21 ...  
22 ...  
23 ...  
24 ...  
25 ...  
26 ...

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

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

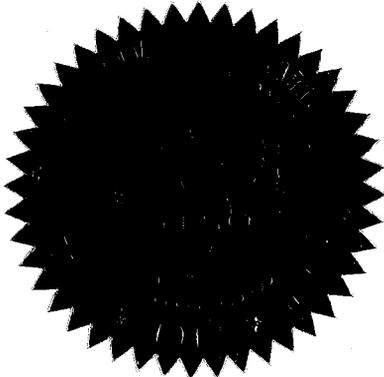
3  
4  
5   
CHAIRMAN

  
COMMISSIONER

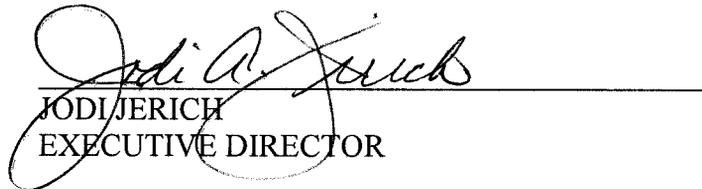
6   
7 COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER



13 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
14 Director of the Arizona Corporation Commission, have  
15 hereunto set my hand and caused the official seal of the  
16 Commission to be affixed at the Capitol, in the City of  
17 Phoenix, this 6<sup>th</sup> day of February, 2013.

18   
19 JODI JERICH  
20 EXECUTIVE DIRECTOR

21 \_\_\_\_\_  
22 DISSENT

23 \_\_\_\_\_  
24 DISSENT

25 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA  
26 Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

(av)

**CONSENT TO ENTRY OF ORDER**

1  
2 1. HUEL COX ("COX") admits the jurisdiction of the Commission over the subject  
3 matter of this proceeding. COX acknowledges that he has been fully advised of his right to a  
4 hearing to present evidence and call witnesses and that he knowingly and voluntarily waives any  
5 and all rights to a hearing before the Commission and all other rights otherwise available under  
6 Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. COX  
7 acknowledges that this Order to Cease and Desist, Order of Revocation, Order for Restitution,  
8 Order for Administrative Penalties, and Consent to Same by: Respondent HUEL COX ("Order")  
9 constitutes a valid final order of the Commission.

10 2. COX knowingly and voluntarily waives any right under Article 12 of the Securities  
11 Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the  
12 entry of this Order.

13 3. COX acknowledges and agrees that this Order is entered into freely and voluntarily  
14 and that no promise was made or coercion used to induce such entry.

15 4. COX understands and acknowledges that he has a right to seek counsel regarding  
16 this Order, and that he had the opportunity to seek counsel prior to signing this Order. COX  
17 acknowledges and agrees that, despite the foregoing, he freely and voluntarily waives any and all  
18 right to consult or obtain counsel prior to signing this Order.

19 5. COX neither admits nor denies the Findings of Fact and Conclusions of Law  
20 contained in this Order. COX agrees that he shall not contest the validity of the Findings of Fact  
21 and Conclusions of Law contained in this Order in any present or future proceeding in which the  
22 Commission is a party.

23 6. By consenting to the entry of this Order, COX agrees not to take any action or to  
24 make, or permit to be made, any public statement denying, directly or indirectly, any Finding of  
25 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
26

1 basis. COX will undertake steps necessary to assure that all of his agents and employees  
2 understand and comply with this agreement.

3 7. While this Order settles this administrative matter between COX and the  
4 Commission, he understands that this Order does not preclude the Commission from instituting  
5 other administrative or civil proceedings based on violations that are not addressed by this Order.

6 8. COX understands that this Order does not preclude the Commission from referring  
7 this matter to any governmental agency for administrative, civil, or criminal proceedings that may  
8 be related to the matters addressed by this Order.

9 9. COX understands that this Order does not preclude any other agency or officer of  
10 the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
11 proceedings that may be related to matters addressed by this Order.

12 10. COX agrees that he will not apply to the state of Arizona for registration as a  
13 securities dealer or salesman or for licensure as an investment adviser or investment adviser  
14 representative until such time as all restitution and penalties under this Order are paid in full.

15 11. COX agrees that he will not exercise any control over any entity that offers or sells  
16 securities or provides investment advisory services within or from Arizona until such time as all  
17 restitution and penalties under this Order are paid in full.

18 12. COX consents to the entry of this Order and agrees to be fully bound by its terms  
19 and conditions.

20 13. COX acknowledges and understands that if he fails to comply with the provisions of  
21 the order and this consent, the Commission may bring further legal proceedings against him,  
22 including application to the superior court for an order of contempt.

23 14. COX understands that default shall render him liable to the Commission for its costs  
24 of collection and interest at the maximum legal rate.

25 ...

26



- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26

SERVICE LIST FOR: HUEL COX

Huel Cox  
P.O. Box 81425  
Phoenix, AZ 85069

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3 COMMISSIONERS

4 BOB STUMP, Chairman  
5 GARY PIERCE  
6 BRENDA BURNS  
7 BOB BURNS  
8 SUSAN BITTER SMITH

9 In the matter of: )

10 Huel Cox, CRD# 1638341, an unmarried man,, )

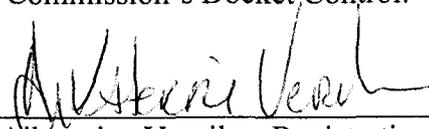
11 Respondent. )

DOCKET NO. S-20862A-12-0428

**NOTICE OF FILING OF PROPOSED  
OPEN MEETING AGENDA ITEM**

12 Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: ORDER TO  
13 CEASE AND DESIST, ORDER OF REVOCATION, ORDER FOR RESTITUTION, ORDER  
14 FOR ADMINISTRATIVE PENALTIES, AND CONSENT TO SAME BY: RESPONDENT  
15 HUEL COX was filed with the Arizona Corporation Commission's Docket Control.

16 Dated: 1/16/13

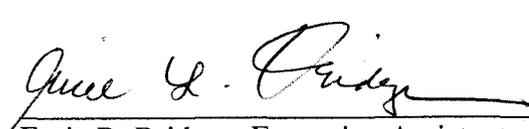
By: 

Alkaterine Vervilos, Registration &  
Compliance Enforcement Counsel

17  
18 I hereby certify that I have this day served the foregoing document on all parties of record  
19 in this proceeding by properly addressed with first class postage prepaid to:

20 Huel Cox  
21 P.O. Box 81425  
22 Phoenix, AZ 85069  
Respondent

23 Dated: 1/16/13

By: 

Emie R. Bridges, Executive Assistant

24  
25  
26  
Decision No. 73663