

7/17-18/13



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

JODI JERICH
EXECUTIVE DIRECTOR

ORIGINAL



1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 388-1335
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Bob Stump, Chairman
Gary Pierce
Brenda Burns
Bob Burns
Susan Bitter Smith

Arizona Corporation Commission
DOCKETED

JUL - 2 2013

FROM: Matthew J. Neubert *MJN*
Director of Securities

DOCKETED BY *nr*

DATE: July 1, 2013

RE: *In re Parker Skylar & Associates LLC, et al.*, Docket No. S-20859A-12-0413

CC: Jodi Jerich, Executive Director

RECEIVED
2013 JUL - 21 P 3: 21
AZ CORP COMMISSION
DOCKET CONTROL

Attached for your consideration is a proposed Order to Cease and Desist, Order for Restitution, and Order for Administrative Penalties ("Order") against Promise Land Properties, LLC, an Arizona limited liability company ("Respondent").

The Order is a default order. The Division served a copy of the Notice of Opportunity for Hearing on Respondent by serving Respondent's statutory agent. The times for requesting a hearing and answering the Notice passed without Respondent requesting a hearing or filing an answer.

The Order finds that Respondent was responsible for financing a residential real estate development in Cochise County. Respondent's role was to obtain a funding from investors and from institutional lenders to acquire and develop approximately 1280 acres near Tombstone, Arizona.

From approximately March 2007 through April 2008, Respondent violated A.R.S. §§ 44-1841 and 44-1842 by offering and selling \$958,000 of unregistered securities in the form of membership interests in Respondent to six persons.

The Order requires Respondent to permanently cease and desist from violating the Securities Act, to pay a \$25,000 administrative penalty, and to pay restitution of \$958,000 to the investors.

The Division recommends the Order as appropriate, in the public interest and necessary for the protection of investors.

Originator: Ryan J. Millecam

I.

Findings of Fact

1
2
3 1. PROMISE LAND is a manager-managed Arizona limited liability company organized
4 on March 8, 2007.

5 2. PROMISE LAND may be referred to as "Respondent."

6 **The Tombstone Project.**

7 3. This case involves two real estate developments in Cochise County, Arizona. This
8 Order deals with the first and earlier of these two developments, a residential real estate
9 development on approximately 1280 acres near Tombstone, Arizona (the "Tombstone Project").

10 4. The entity developing the Tombstone Project was Cochise County Land, LLC
11 ("CC Land"), an Arizona limited liability company organized on May 22, 2007, for the purpose of
12 developing the Tombstone Project. CC Land's articles of organization list an Arizona real estate
13 developer ("Developer") as the manager of CC Land and PROMISE LAND as a member.

14 5. Under CC Land's operating agreement, dated May 23, 2007, PROMISE LAND was
15 to obtain debt financing secured by the 1280 acres being acquired and to make additional capital
16 contributions not to exceed \$2,185,000. The money would be used to purchase the 1280 acres and
17 develop the Tombstone Project through the attainment of a final plat.

18 6. In order to satisfy its financial obligations under CC Land's operating agreement,
19 PROMISE LAND raised money within and from Arizona by selling membership interests in
20 PROMISE LAND (the "P-L Membership Interests").

21 7. Beginning in January 2008, PROMISE LAND's manager met potential investors
22 and offerees by contacting acquaintances and through existing investors and acquaintances
23 referring their acquaintances. Six persons ultimately purchased P-L Membership Interests (these
24 six persons, the "P-L Investors"). The P-L Investors include an Arizona entity, an individual from
25 Arizona, three individuals from Nebraska, and an individual from Minnesota.

1 investor because the investor is deceased and the Commission cannot reasonably identify and
2 locate the deceased investor's spouse or natural children surviving at the time of the distribution,
3 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the
4 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse
5 shall be transferred to the general fund of the state of Arizona.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that Respondent shall pay an
7 administrative penalty in the amount of \$25,000. Payment is due in full on the date of this Order.
8 Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as
9 allowed by law.

10 IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding
11 paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate
12 per annum that is equal to one per cent plus the prime rate as published by the board of governors
13 of the federal reserve system in statistical release H.15 or any publication that may supersede it on
14 the date that the judgment is entered.

15 IT IS FURTHER ORDERED that the payments received by the state of Arizona will first
16 be applied to the restitution obligation. Upon payment in full of the restitution obligation,
17 payments will be applied to the penalty obligation.

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

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

4 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this
5 Order shall be deemed binding against any respondent under this Docket Number who is not
6 subject to this Order.

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IT IS FURTHER ORDERED that this Order 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

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

Exhibit A

Promise Land Investor investment date, principal investment amount, and repayment amount

Investor	Investment Date	Original Investment Amount	Money Returned	Amount of Principal Owed at Order Date
1	12/31/07	\$200,000	\$0	\$200,000
2	9/7/07	\$172,000	\$0	\$172,000
3	3/12/07	\$100,000	\$0	\$100,000
4	6/6/07	\$200,000	\$0	\$200,000
5	5/17/07	\$86,000	\$0	\$86,000
6	4/2/08	\$200,000	\$0	\$200,000
		Total Investments:		Total Owed at Order Date:
		\$958,000		\$958,000

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SERVICE LIST FOR PATRICK L. SHUDAK, PROMISE LAND PROPERTIES LLC, AND PARKER SKYLAR & ASSOCIATES, LLC.

Brian Schulman
Greenberg Traurig, LLP
2375 E. Camelback Rd. Suite 700
Phoenix, AZ. 85016
Attorneys for Shudak

Promise Land Properties, LLC
Attn: Roger Keller
30 N. Cerro Alto Drive
Fountain Hills, AZ 85268

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 COMMISSIONERS

4 BOB STUMP, Chairman
5 GARY PIERCE
6 BREND A BURNS
BOB BURNS
SUSAN BITTER SMITH

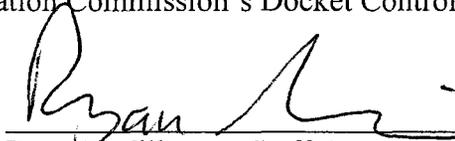
7 In the matter of:)
8 PATRICK LEONARD SHUDAK, a single man,)
9 PROMISE LAND PROPERTIES, LLC, an)
Arizona limited liability company,)
10 and)
11 PARKER SKYLAR & ASSOCIATES, LLC, an)
12 Arizona limited liability company,)
13 Respondent.)
14

DOCKET NO. S-20859A-12-0413

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

15 Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order to Cease
16 and Desist, Order for Restitution, and Order for Administrative Penalties, Re: Promise Land
17 Properties, LLC, was filed with the Arizona Corporation Commission's Docket Control.

18 Dated: 7-2-13
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By: 
20 Ryan J. Millecam, Staff Attorney

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I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

Brian Schulman
Greenberg Traurig, LLP
2375 E. Camelback Rd. Suite 700
Phoenix, AZ 85016
Attorneys for Shudak

Parker Skylar & Associates, LLC
Attn: Roger Keller, statutory agent
30 N. Cerro Alto Drive
Fountain Hills, AZ 85268
Respondent

Dated: 7/2/13

By: 
Emie R. Bridges, Executive Assistant