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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission
DOCKETED

JUL 30 2013

DOCKETED BY
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In the matter of: PATRICK LEONARD SHUDAK, a single man, PROMISE LAND PROPERTIES, LLC, an Arizona limited liability company, and PARKER SKYLAR & ASSOCIATES, LLC, an Arizona limited liability company, Respondents.) DOCKET NO. S-20859A-12-0413)) DECISION NO. <u>74015</u>)) ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, AND ORDER FOR ADMINISTRATIVE PENALTIES)) RE: PROMISE LAND PROPERTIES, LLC)))))
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On September 21, 2012, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Order for other Affirmative Action (the "Notice") against respondents Patrick Leonard Shudak, Promise Land Properties, LLC and Parker Skylar & Associates, LLC.

PROMISE LAND PROPERTIES, LLC ("PROMISE LAND") was previously represented by counsel. That counsel withdrew. Then, on May 9, 2013, the Division re-served the Notice on PROMISE LAND. PROMISE LAND did not file a request for a hearing or an answer to the Notice within the respective filing deadlines and has not filed a request or an answer as of the date of this filing.

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I.

Findings of Fact

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

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

The Tombstone Project.

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

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

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

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

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

1 8. The P-L Investors purchased P-L Membership Interests totaling 17.5% of
2 PROMISE LAND.

3 9. These six P-L Investors paid a total of approximately \$958,000 for the P-L
4 Membership Interests.

5 10. PROMISE LAND sold the P-L Membership Interests within and from Arizona. The
6 P-L Membership Interests were not registered with the Commission.

7 11. The P-L Investors were not involved in the development of the Tombstone Project
8 or the management of PROMISE LAND. They relied on PROMISE LAND's efforts to realize a
9 return on their investment.

10 12. CC Land purchased the property for the Tombstone Project in part by using
11 financing from an institutional money lender. This lender has since foreclosed on CC Land's
12 property. CC Land is not currently conducting any business.

13 **II.**

14 **Conclusions of Law**

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

17 2. Respondent PROMISE LAND offered or sold securities within or from Arizona,
18 within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

19 3. Respondent PROMISE LAND violated A.R.S. § 44-1841 by offering and selling
20 securities in the form of investment contracts within or from Arizona; these securities were not
21 registered pursuant to Articles 6 or 7 of the Securities Act and were not exempt from registration.

22 4. Respondent PROMISE LAND violated A.R.S. § 44-1842 by offering or selling
23 securities while neither registered as a dealer or salesman nor exempt from registration.

24 5. Respondent's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-
25 2032.

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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.

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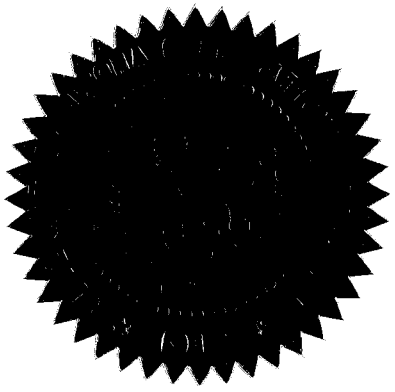
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IT IS FURTHER ORDERED that this Order shall become effective immediately.

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 30th day of July, 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.
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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.

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Attorneys for Shudak

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BEFORE THE ARIZONA CORPORATION COMMISSION

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BOB STUMP, Chairman
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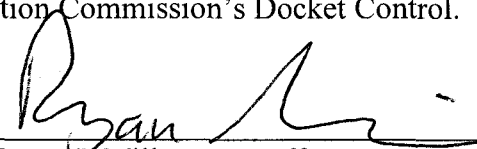
In the matter of:)
)
PATRICK LEONARD SHUDAK, a single man,)
)
PROMISE LAND PROPERTIES, LLC, an)
Arizona limited liability company,)
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and)
)
PARKER SKYLAR & ASSOCIATES, LLC, an)
Arizona limited liability company,)
)
Respondent.)

DOCKET NO. S-20859A-12-0413

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

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

Dated: 7-2-13

By: 
Ryan J. Millecam, Staff Attorney

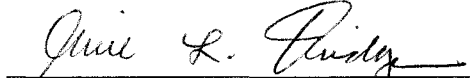
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I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

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