

NEW APPLICATION



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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

COMMISSIONERS

2013 SEP -6 A 11: 32

SEP - 6 2013

BOB STUMP, Chairman AZ CORP COMMISSION
GARY PIERCE DOCKET CONTROL
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

DOCKETED BY [Signature]

In the matter of:
Nathaniel J. Wilson, a single man;
Respondent.

DOCKET NO. S-20892A-13-0303

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

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY
RESPONDENT HAS 20 DAYS TO REQUEST A HEARING
RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondent is engaging in or is about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, of the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

I.

JURISDICTION

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

II.

RESPONDENT

2. At all relevant times, Nathaniel J. Wilson ("Wilson") has been a single man and, upon information and belief, a resident of Ohio.

- 1 • “I am asking for an investment of \$5,000-\$20,000”
- 2 • “With the investment I plan on getting more lights, soil, Co2 generator, fans,
- 3 timers, nutrients as well as building a flower and veg (sic) room with electrical
- 4 work being done.”
- 5 • “[I]t will take 3 months for a return of \$10,000 if you invest \$5,000”
- 6 • “If you were to invest tomorrow, you would be paid by November.”

7 **C. The Agreement**

8 11. On August 24, 2013, Wilson emailed the Arizona Offeree a documented entitled
9 “Silent Partnership Agreement” dated August 24, 2013 listing the Arizona Offeree as “Investor”
10 and Nathaniel J. Wilson as “Borrower” (the “Agreement.”)

11 12. The Agreement states:

- 12 • “The investor is providing a capital investment to the borrower for the costs of
- 13 legal medical marijuana grow operation per OREGON STATE LAW 475.300.”
- 14 • “Investor agrees to invest five thousand USD (\$5,000) for the purpose of the
- 15 borrower acquiring new growing equipment such as lights, ballasts, digital
- 16 timers and anything else that is called for in terms of growing medical marijuana
- 17”

18 13. The Agreement states that the Investor is to make a “capital contribution” and
19 ascribes no other role or responsibilities to the investor.

20 14. The Agreement provides the following terms:

- 21 • “A 50% Return on Investment from \$5,000 USD equaling \$2,500 along with
- 22 8% interest added together for four (4) months totaling 40% on Initial
- 23 investment equaling another \$2,000 for a total lump sum to be paid in the
- 24 amount of (\$9,500), but, the borrower agreed to round up to (\$10,000 USD) to
- 25 be paid by an agreed upon date in December 2013.”

26

1 • “IF the borrower exceeds expectations within this grow operation and has a
2 value that is over \$50,000 USD, then the total profits shall be split in HALF for
3 both the investor and the borrower. A MINIMUM of \$20,000 USD shall be
4 returned back to the investor . . . and a MAXIMUM of \$100,000 USD.”
5 (emphasis in original)

6 • “Opportunities for future investments after this contract has been fulfilled
7 maybe (sic) available if both parties agree upon terms and conditions.”

8 15. The Agreement further states:

- 9 • “Investor understands that interests have not been registered either with the
10 Securities and Exchange Commission (the ‘SEC’) or with the securities
11 commission of any state”
- 12 • “Investor recognizes that interests are a form of speculative investment”

13 **IV.**

14 **VIOLATION OF A.R.S. § 44-1841**

15 **(Offer and Sale of Unregistered Securities)**

16 16. From at least August 5, 2013 to the present, Respondent has been offering or selling
17 securities in the form of investment contracts and/or notes within and/or from Arizona.

18 17. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
19 Securities Act.

20 18. This conduct violates A.R.S. § 44-1841.

21 **V.**

22 **VIOLATION OF A.R.S. § 44-1842**

23 **(Transactions by Unregistered Dealers or Salesmen)**

24 19. Respondent is offering or selling securities in the form of investment contracts
25 within or from Arizona while not registered as dealer or salesman pursuant to Article 9 of the
26 Securities Act.

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IX.

HEARING OPPORTUNITY

Respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-307.

If Respondent requests a hearing, the respondent must also answer this Temporary Order and Notice. A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order and Notice. The respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission’s Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

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

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

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

X.

ANSWER REQUIREMENT

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

Additionally, the respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Steven Briggs.

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of the respondent or the respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 6th day of September, 2013.



Mark Dinell
Assistant Director of Securities